

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-27512

CSG SYSTEMS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

47-0783182

(I.R.S. Employer
Identification No.)

**6175 S. Willow Drive, 10th Floor
Greenwood Village, Colorado 80111**

(Address of principal executive offices, including zip code)

(303) 200-2000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.01 Per Share	CSGS	NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 2, 2022, there were 32,437,938 shares of the registrant's common stock outstanding.

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FORM 10-Q for the Quarter Ended March 31, 2022
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CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(in thousands)

	March 31, 2022	December 31, 2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 181,457	\$ 205,635
Short-term investments	6,133	28,037
Total cash, cash equivalents and short-term investments	187,590	233,672
Settlement and merchant reserve assets	163,145	186,267
Trade accounts receivable:		
Billed, net of allowance of \$4,924 and \$4,250	238,368	244,317
Unbilled	42,379	35,802
Income taxes receivable	8,617	6,414
Other current assets	46,676	41,727
Total current assets	686,775	748,199
Non-current assets:		
Property and equipment, net of depreciation of \$114,393 and \$111,244	70,803	73,580
Operating lease right-of-use assets	71,850	86,034
Software, net of amortization of \$156,490 and \$152,283	29,234	29,757
Goodwill	319,034	321,330
Acquired customer contracts, net of amortization of \$115,726 and \$114,166	54,480	57,207
Customer contract costs, net of amortization of \$35,860 and \$32,410	47,025	46,618
Deferred income taxes	8,755	8,584
Other assets	15,378	15,840
Total non-current assets	616,559	638,950
Total assets	\$ 1,303,334	\$ 1,387,149
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Current portion of long-term debt	\$ 252,500	\$ 237,500
Operating lease liabilities	22,832	23,270
Customer deposits	40,324	43,546
Trade accounts payable	35,193	35,397
Accrued employee compensation	61,516	91,115
Settlement and merchant reserve liabilities	161,782	185,276
Deferred revenue	51,990	53,748
Income taxes payable	800	398
Other current liabilities	19,940	24,852
Total current liabilities	646,877	695,102
Non-current liabilities:		
Long-term debt, net of unamortized discounts of \$3,218 and \$3,406	135,532	137,219
Operating lease liabilities	64,750	70,068
Deferred revenue	16,156	19,599
Income taxes payable	4,148	4,058
Deferred income taxes	7,729	7,752
Other non-current liabilities	13,970	13,107
Total non-current liabilities	242,285	251,803
Total liabilities	889,162	946,905
Stockholders' equity:		
Preferred stock, par value \$.01 per share; 10,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, par value \$.01 per share; 100,000 shares authorized; 32,560 and 32,495 shares outstanding	709	705
Additional paid-in capital	472,078	488,303
Treasury stock, at cost; 36,979 and 36,713 shares	(946,102)	(930,106)
Accumulated other comprehensive income (loss):		
Unrealized gains on short-term investments, net of tax	(8)	(6)
Cumulative foreign currency translation adjustments	(39,529)	(38,347)
Accumulated earnings	923,389	916,060
Total CSG stockholders' equity	410,537	436,609
Noncontrolling interest	3,635	3,635
Total stockholders' equity	414,172	440,244
Total liabilities and stockholders' equity	\$ 1,303,334	\$ 1,387,149

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
(in thousands, except per share amounts)

	Quarter Ended	
	March 31, 2022	March 31, 2021
Revenue	\$ 264,400	\$ 253,119
Cost of revenue (exclusive of depreciation, shown separately below)	138,418	133,542
Other operating expenses:		
Research and development	32,981	32,212
Selling, general and administrative	57,342	48,815
Depreciation	6,138	6,113
Restructuring and reorganization charges	13,106	1,060
Total operating expenses	247,985	221,742
Operating income	16,415	31,377
Other income (expense):		
Interest expense	(3,272)	(3,592)
Amortization of original issue discount	-	(772)
Interest and investment income, net	130	124
Loss on derivative liability upon debt conversion	(7,456)	-
Other, net	812	(555)
Total other	(9,786)	(4,795)
Income before income taxes	6,629	26,582
Income tax provision	(516)	(6,951)
Net income	\$ 6,113	\$ 19,631
Weighted-average shares outstanding:		
Basic	31,416	31,844
Diluted	31,810	32,146
Earnings per common share:		
Basic	\$ 0.19	\$ 0.62
Diluted	0.19	0.61

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - UNAUDITED
(in thousands)

	<u>Quarter Ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Net income	\$ 6,113	\$ 19,631
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(1,182)	(355)
Unrealized holding losses on short-term investments arising during period	(2)	(6)
Other comprehensive loss, net of tax	(1,184)	(361)
Total comprehensive income, net of tax	<u>\$ 4,929</u>	<u>\$ 19,270</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - UNAUDITED
(in thousands)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Noncontrolling Interest	Total Stockholders' Equity
For the Quarter Ended March 31, 2022:								
BALANCE, January 1, 2022	32,495	\$ 705	\$ 488,303	\$ (930,106)	\$ (38,353)	\$ 916,060	\$ 3,635	\$ 440,244
Comprehensive income:								
Net income	-	-	-	-	-	6,113	-	
Unrealized gain on short-term investments, net of tax	-	-	-	-	(2)	-	-	
Foreign currency translation adjustments	-	-	-	-	(1,182)	-	-	
Total comprehensive income								4,929
Repurchase of common stock	(389)	(1)	(7,804)	(15,996)	-	-	-	(23,801)
Issuance of common stock pursuant to employee stock purchase plan	12	-	650	-	-	-	-	650
Issuance of restricted common stock pursuant to stock-based compensation plans	476	5	(5)	-	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(34)	-	-	-	-	-	-	-
Stock-based compensation expense	-	-	5,581	-	-	-	-	5,581
Settlement of convertible debt securities, net of tax	-	-	(4,845)	-	-	-	-	(4,845)
Adjustments due to adoption of new accounting standard	-	-	(9,802)	-	-	9,802	-	-
Dividends	-	-	-	-	-	(8,586)	-	(8,586)
BALANCE, March 31, 2022	<u>32,560</u>	<u>\$ 709</u>	<u>\$ 472,078</u>	<u>\$ (946,102)</u>	<u>\$ (39,537)</u>	<u>\$ 923,389</u>	<u>\$ 3,635</u>	<u>\$ 414,172</u>
	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Noncontrolling Interest	Total Stockholders' Equity
For the Quarter Ended March 31, 2021:								
BALANCE, January 1, 2021	32,713	\$ 700	\$ 470,557	\$ (894,126)	\$ (31,138)	\$ 876,402	\$ -	\$ 422,395
Comprehensive income:								
Net income	-	-	-	-	-	19,631	-	
Unrealized gain on short-term investments, net of tax	-	-	-	-	(6)	-	-	
Foreign currency translation adjustments	-	-	-	-	(355)	-	-	
Total comprehensive income								19,270
Repurchase of common stock	(252)	(1)	(5,202)	(6,518)	-	-	-	(11,721)
Issuance of common stock pursuant to employee stock purchase plan	16	-	619	-	-	-	-	619
Issuance of restricted common stock pursuant to stock-based compensation plans	487	5	(5)	-	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(1)	-	-	-	-	-	-	-
Stock-based compensation expense	-	-	5,395	-	-	-	-	5,395
Dividends	-	-	-	-	-	(8,243)	-	(8,243)
BALANCE, March 31, 2021	<u>32,963</u>	<u>\$ 704</u>	<u>\$ 471,364</u>	<u>\$ (900,644)</u>	<u>\$ (31,499)</u>	<u>\$ 887,790</u>	<u>\$ -</u>	<u>\$ 427,715</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(in thousands)

	Quarter Ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities:		
Net income	\$ 6,113	\$ 19,631
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation	6,138	6,113
Amortization	13,870	10,737
Amortization of original issue discount	-	772
Asset impairment	10,705	102
Loss on short-term investments and other	15	15
Loss on derivative liability upon debt conversion	7,456	-
Deferred income taxes	(55)	6,508
Stock-based compensation	5,581	5,395
Changes in operating assets and liabilities, net of acquired amounts:		
Trade accounts receivable, net	46	(23,874)
Other current and non-current assets and liabilities	(6,069)	(414)
Income taxes payable/receivable	(1,735)	(1,022)
Trade accounts payable and accrued liabilities	(42,550)	(28,101)
Deferred revenue	(5,064)	1,914
Net cash used in operating activities	(5,549)	(2,224)
Cash flows from investing activities:		
Purchases of software, property and equipment	(10,375)	(8,239)
Purchases of short-term investments	-	(32,304)
Proceeds from sale/maturity of short-term investments	21,887	29,340
Acquisition of and investments in business, net of cash acquired	-	(648)
Net cash provided by (used in) investing activities	11,512	(11,851)
Cash flows from financing activities:		
Proceeds from issuance of common stock	650	619
Payment of cash dividends	(8,885)	(8,635)
Repurchase of common stock	(23,660)	(11,738)
Proceeds from long-term debt	245,000	-
Payments on long-term debt	(244,176)	(2,813)
Settlement and merchant reserve activity	(23,543)	(41,492)
Net cash used in financing activities	(54,614)	(64,059)
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	1,351	(851)
Net decrease in cash, cash equivalents and restricted cash	(47,300)	(78,985)
Cash, cash equivalents and restricted cash, beginning of period	391,902	354,730
Cash, cash equivalents and restricted cash, end of period	<u>\$ 344,602</u>	<u>\$ 275,745</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for-		
Interest	\$ 5,876	\$ 5,661
Income taxes	2,230	1,468
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 181,457	\$ 150,609
Settlement and merchant reserve assets	163,145	125,136
Total cash, cash equivalents and restricted cash	<u>\$ 344,602</u>	<u>\$ 275,745</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CSG SYSTEMS INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

We have prepared the accompanying unaudited condensed consolidated financial statements as of March 31, 2022 and December 31, 2021, and for the quarters ended March 31, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America (“U.S.”) (“GAAP”) for interim financial information, and pursuant to the instructions to Form 10-Q and the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of our management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of our financial position and operating results have been included. The unaudited Condensed Consolidated Financial Statements (the “Financial Statements”) should be read in conjunction with the Consolidated Financial Statements and notes thereto, together with Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”), contained in our Annual Report on Form 10-K for the year ended December 31, 2021 (our “2021 10-K”), filed with the SEC. The results of operations for the quarter ended March 31, 2022 are not necessarily indicative of the expected results for the entire year ending December 31, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparation of Financial Statements. The preparation of the accompanying Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our Financial Statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications. Beginning with the second quarter of 2021, we determined that settlement and merchant reserve assets consist of restricted cash and are now included with cash, cash equivalents and restricted cash when reconciling the beginning-of-period and end-of-period total amounts shown on the unaudited Condensed Consolidated Statements of Cash Flows (the “Statements of Cash Flows”). Historically, we presented the change in settlement and merchant reserve assets and liabilities as part of the changes in operating assets and liabilities on the Statements of Cash Flows. Additionally, cash flows related to our settlement and merchant reserve liabilities have been reclassified from cash flows from operating activities to cash flows from financing activities.

Prior period amounts have been reclassified to conform to the current period presentation. These changes have no impact on our previously reported consolidated net income, total assets, including cash and cash equivalents, liabilities, and equity. In addition, these changes have no material impact on our previously reported cash flows from operating activities.

Revenue. The majority of our future revenue is related to our revenue management solution customer contracts that include variable consideration dependent upon a series of monthly volumes and/or daily usage of services and have contractual terms ending from 2022 through 2028. Our customer contracts may include guaranteed minimums and fixed monthly or annual fees. As of March 31, 2022, our aggregate amount of the transaction price allocated to the remaining performance obligations is approximately \$2 billion, which is made up of fixed fee consideration and guaranteed minimums expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied). We expect to recognize approximately 65% of this amount by the end of 2024, with the remaining amount recognized by the end of 2028. We have excluded from this amount variable consideration expected to be recognized in the future related to performance obligations that are unsatisfied.

The nature, amount, timing, and uncertainty of our revenue and how revenue and cash flows are affected by economic factors is most appropriately depicted by revenue type, geographic region, and customer vertical.

Revenue by type for the quarters ended March 31, 2022 and 2021 were as follows (in thousands):

	Quarter Ended March 31,	
	2022	2021
SaaS and related solutions	\$ 234,977	\$ 227,019
Software and services	18,436	14,779
Maintenance	10,987	11,321
Total revenue	\$ 264,400	\$ 253,119

We use the location of the customer as the basis of attributing revenue to geographic regions. Revenue by geographic region for the quarters ended March 31, 2022 and 2021, as a percentage of our total revenue, were as follows:

	Quarter Ended March 31,	
	2022	2021
Americas (principally the U.S.)	84 %	86 %
Europe, Middle East, and Africa	12 %	10 %
Asia Pacific	4 %	4 %
Total revenue	100 %	100 %

We generate our revenue primarily from the global communications markets; however, we serve an expanding group of customers in other industry markets including retail, healthcare, financial services, insurance, and government entities. Revenue by customer vertical for the quarters ended March 31, 2022 and 2021, as a percentage of our total revenue, were as follows:

	Quarter Ended March 31,	
	2022	2021
Broadband/Cable/Satellite	54 %	57 %
Telecommunications	19 %	18 %
Other	27 %	25 %
Total revenue	100 %	100 %

Deferred revenue recognized during the quarters ended March 31, 2022 and 2021 was \$28.0 million and \$20.1 million, respectively.

Cash and Cash Equivalents. We consider all highly liquid investments with original maturities of three months or less at the date of the purchase to be cash equivalents. As of March 31, 2022 and December 31, 2021, our cash equivalents consist primarily of institutional money market funds, commercial paper, and time deposits held at major banks. For the cash and cash equivalents denominated in foreign currencies and/or located outside the U.S., we do not anticipate any material amounts being unavailable for use in running our business, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences.

Restricted Cash. Restricted cash includes cash that is legally or contractually restricted, as well as our settlement and merchant reserve assets. As of March 31, 2022 and December 31, 2021, we had \$2.1 million and \$1.4 million, respectively, of restricted cash that serves to collateralize outstanding letters of credit included in cash and cash equivalents in our unaudited Condensed Consolidated Balance Sheets (“Balance Sheets” or “Balance Sheet”).

Settlement and Merchant Reserve Assets and Liabilities. Settlement assets and liabilities represent cash collected on behalf of customers via payment processing services which is held for an established holding period until settlement with the customer. The holding period is generally one to four business days depending on the payment model, risk profile, and contractual terms with the customer. During the holding period, cash is held in trust with various major financial institutions and a corresponding liability is recorded for the amounts owed to the merchant. At any given time, there may be differences between the cash held in trust and the corresponding liability due to the timing of operating-related cash transfers.

Merchant reserves represent deposits collected from customers to mitigate our risk of loss due to nonperformance of settlement obligations initiated by our customers using our payment processing services, or non-payment by customers for services rendered by us. We perform a credit risk evaluation on each customer based on multiple criteria, which provide the basis for the deposit amount required for each customer. For the duration of our relationship with each customer, we hold their reserve deposits with major financial institutions. We hold these funds in separate accounts and are fully offset by corresponding liabilities.

The following table summarizes our settlement and merchant reserve assets and liabilities as of the indicated periods (in thousands):

	March 31, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Settlement assets/liabilities	\$ 148,808	\$ 147,445	\$ 171,505	\$ 170,514
Merchant reserve assets/liabilities	14,337	14,337	14,762	14,762
Total	\$ 163,145	\$ 161,782	\$ 186,267	\$ 185,276

Financial Instruments. Our financial instruments as of March 31, 2022 and December 31, 2021 include cash and cash equivalents, short-term investments, settlement and merchant reserve assets and liabilities, accounts receivable, accounts payable, and debt. Due to their short maturities, the carrying amounts of cash equivalents, settlement and merchant reserve assets and liabilities, accounts receivable, and accounts payable approximate their fair value.

Our short-term investments and certain of our cash equivalents are considered “available-for-sale” and are reported at fair value in our Balance Sheets, with unrealized gains and losses, net of the related income tax effect, excluded from earnings and reported in a separate component of stockholders’ equity. Realized and unrealized gains and losses were not material in any period presented.

Primarily all short-term investments held by us as of March 31, 2022 and December 31, 2021 have contractual maturities of less than two years from the time of acquisition. Our short-term investments as of March 31, 2022 and December 31, 2021 consisted almost entirely of fixed income securities. Proceeds from the sale/maturity of short-term investments for the three months ended March 31, 2022 and 2021 were \$21.9 million and \$29.3 million, respectively, and purchases of short-term investments for the three months ended March 31, 2022 and 2021 were zero and \$32.3 million, respectively.

Our short-term investments as of March 31, 2022 and December 31, 2021 were \$6.1 million and \$28.0 million, respectively.

The following table represents the fair value hierarchy based upon three levels of inputs, of which Levels 1 and 2 are considered observable and Level 3 is unobservable, for our financial assets measured at fair value (in thousands):

	March 31, 2022			December 31, 2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents:						
Money market funds	\$ 12,201	\$ —	\$ 12,201	\$ 29,305	\$ —	\$ 29,305
Commercial paper	—	—	—	—	1,000	1,000
Short-term investments:						
Corporate debt securities	—	3,189	3,189	—	24,352	24,352
Asset-backed securities	—	2,944	2,944	—	3,685	3,685
Total	\$ 12,201	\$ 6,133	\$ 18,334	\$ 29,305	\$ 29,037	\$ 58,342

Valuation inputs used to measure the fair values of our money market funds were derived from quoted market prices. The fair values of all other financial instruments are based upon pricing provided by third-party pricing services. These prices were derived from observable market inputs.

We have chosen not to record our debt at fair value, with changes recognized in earnings each reporting period. The following table indicates the carrying value (par value for convertible notes) and estimated fair value of our debt as of the indicated periods (in thousands):

	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2021 Credit Agreement:				
Term Loan (carrying value including current maturities)	\$ 146,250	\$ 146,250	\$ 148,125	\$ 148,125
Revolver	245,000	245,000	—	—
2016 Convertible Notes (par value)	—	—	230,000	244,950

The fair value for our credit agreement was estimated using a discounted cash flow methodology, while the fair value for our convertible notes was estimated based upon quoted market prices or recent sales activity, both of which are considered Level 2 inputs.

Accounting Pronouncement Adopted. In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* (“ASU 2020-06”), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity’s own equity. ASU 2020-06 also amends the related Earnings Per Share guidance. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, and can be adopted on either a fully retrospective or modified retrospective basis. On January 1, 2022, we adopted this ASU using the modified retrospective transition method and recorded an approximately \$10 million cumulative-effect adjustment to our beginning retained earnings balance.

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill. The changes in the carrying amount of goodwill for the first quarter of 2022 were as follows (in thousands):

January 1, 2022 balance	\$	321,330
Adjustments related to prior acquisitions		122
Effects of changes in foreign currency exchange rates		(2,418)
March 31, 2022 balance	\$	<u>319,034</u>

Other Intangible Assets. Our other intangible assets subject to ongoing amortization consist primarily of acquired customer contracts and software. As of March 31, 2022 and December 31, 2021, the carrying values of these assets were as follows (in thousands):

	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Acquired customer contracts	\$ 170,206	\$ (115,726)	\$ 54,480	\$ 171,373	\$ (114,166)	\$ 57,207
Software	185,724	(156,490)	29,234	182,040	(152,283)	29,757
Total intangible assets	<u>\$ 355,930</u>	<u>\$ (272,216)</u>	<u>\$ 83,714</u>	<u>\$ 353,413</u>	<u>\$ (266,449)</u>	<u>\$ 86,964</u>

The total amortization expense related to other intangible assets for the first quarters of 2022 and 2021 were \$7.1 million and \$5.6 million, respectively. Based on the March 31, 2022 net carrying value of our intangible assets, the estimated total amortization expense for each of the five succeeding fiscal years ending December 31 are: 2022 - \$26.2 million; 2023 - \$19.3 million; 2024 - \$13.1 million; 2025 - \$10.9 million; and 2026 - \$7.6 million.

Customer Contract Costs. As of March 31, 2022 and December 31, 2021, the carrying values of our customer contract cost assets, related to those contracts with a contractual term greater than one year, were as follows (in thousands):

	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer contract costs	\$ 82,885	\$ (35,860)	\$ 47,025	\$ 79,028	\$ (32,410)	\$ 46,618

The total amortization expense related to customer contract costs for the first quarters of 2022 and 2021 were \$6.5 million and \$4.7 million, respectively.

4. DEBT

Our long-term debt, as of March 31, 2022 and December 31, 2021, was as follows (in thousands):

	March 31, 2022	December 31, 2021
<i>2021 Credit Agreement:</i>		
2021 Term loan, due September 2026, interest at adjusted LIBOR plus 1.375% (combined rate of 2.381% at March 31, 2022)	\$ 146,250	\$ 148,125
Less – deferred financing costs	(3,218)	(3,406)
2021 Term Loan, net of unamortized discounts	143,032	144,719
\$450 million revolving loan facility, due September 2026, interest at adjusted LIBOR plus applicable margin	245,000	-
<i>2016 Convertible Notes:</i>		
2016 Convertible Notes – Senior convertible notes; due March 15, 2036; cash interest at 4.25%	-	230,000
Total debt, net of unamortized discounts	388,032	374,719
Current portion of long-term debt, net of unamortized discounts	(252,500)	(237,500)
Long-term debt, net of unamortized discounts	<u>\$ 135,532</u>	<u>\$ 137,219</u>

2021 Credit Agreement. During the quarter ended March 31, 2022, we made \$1.9 million of principal repayments on our \$150 million aggregate principal five-year term loan (the “2021 Term Loan”). Additionally, in March 2022 we borrowed \$245.0 million from our \$450 million aggregate principal five-year revolving loan facility (“2021 Revolver”). These funds were used to settle our 2016 Convertible Notes (see below).

As of March 31, 2022, our interest rate on the 2021 Term Loan is 2.381% (adjusted LIBOR plus 1.375% per annum), effective through June 2022, and our commitment fee on the unused \$205.0 million 2021 Revolver is 0.15%. As of March 31, 2022, the remaining \$205.0 million of the 2021 Revolver is available to us.

The interest rates under the 2021 Credit Agreement are based upon our choice of an adjusted LIBOR rate plus an applicable margin of 1.375% - 2.125%, or an alternate base rate (“ABR”) plus an applicable margin of 0.375% - 1.125%, with the applicable margin, depending on our then-net secured total leverage ratio. We will pay a commitment fee of 0.150% - 0.325% of the average daily unused amount of the 2021 Revolver, with the commitment fee rate also dependent upon our then-net secured total leverage ratio. The 2021 Credit Agreement includes LIBOR transition language in which we can elect an ABR, a Eurodollar rate, an alternate currency term rate, or an alternate currency daily rate.

2016 Convertible Notes. During the period from, and including, December 15, 2021 to the close of business on the business day immediately preceding March 15, 2022 (the “Conversion Period”), the 2016 Convertible Note holders were able to convert all or any portion of their 2016 Convertible Notes at the conversion rate then in effect (17.7621 shares of our common stock per \$1,000 principal amount of the 2016 Convertible Notes). For the 2016 Convertible Notes presented during this Conversion Period, the settlement amount was equal to the sum of the daily settlement amounts for each of the following 40 consecutive trading days during the period of January 12, 2022 to March 10, 2022 (the “Observation Period”).

During the Conversion Period, \$229.1 million principal amount of the 2016 Convertible Notes were converted. On March 15, 2022, we paid each converting holder that exercised their conversion right, cash in an amount equal to \$1,053.68 per each \$1,000 principal amount of 2016 Convertible Notes being converted, for a total cash payment of \$241.4 million. The remaining principal amount of \$0.9 million that was not converted by the holders was redeemed and paid for on March 15, 2022 at a redemption price of 100% of the principal amount. Total settlement of the 2016 Convertible Notes was \$242.3 million. As of March 31, 2022, there were no remaining 2016 Convertible Notes outstanding.

As a result of our irrevocable election made in December 2021 to settle all conversions during the Conversion Period (discussed above) in cash, a derivative liability was created and required to be separated from the debt upon conversion by the holders. There were no conversions as of December 31, 2021. At the close of the Observation Period, as a result of the conversions in March 2022, we recognized a \$7.5 million loss on derivative liability upon debt conversion due to the related change in our stock price over the Observation Period. The loss was recorded to other income (expense) in our unaudited Condensed Consolidated Statements of Income (the “Income Statements”) with the remaining amount paid above par recorded to additional paid-in capital.

5. ACQUISITIONS

Tekzenit, Inc. In 2020, we acquired Tekzenit, Inc. (“Tekzenit”) for a purchase price of approximately \$10 million. The purchase agreement includes provisions for additional purchase price (“Provisional Purchase Price”) payments in the form of earn-out and qualified sales payments for up to \$10 million over a three-year measurement period upon meeting certain financial and sales criteria. Of the Provisional Purchase Price amount, \$6 million is considered contingent purchase price payments, of which \$1.5 million was accrued upon acquisition. The remaining \$4 million is tied to certain financial and sales criteria over a defined service period by the eligible recipients and is therefore accounted for as post-acquisition compensation. As of March 31, 2022, we have not accrued any amounts related to the post-acquisition compensation payments due to the uncertainty of payment.

MobileCard Holdings, LLC. In 2018, we invested in MobileCard Holdings, LLC (“MobileCard”), a mobile money fintech payment company that enables omni-channel digital payments and financial inclusion in Latin America. In July 2021, we obtained a 64% controlling interest in the company, and beginning in the third quarter of 2021, the results of MobileCard were consolidated in our results of operations. We preliminarily recorded goodwill of \$9.6 million and are in the process of reviewing the valuation analysis and calculations necessary to finalize the required purchase price allocations. We expect to complete the purchase price allocation as soon as practicable, but not later than one year from the acquisition date.

Keydok, LLC. On September 14, 2021, we acquired Keydok LLC (“Keydok”), a digital identity and document management platform provider, headquartered in Mexico. We acquired 100% of the equity of Keydok for a purchase price of \$1.0 million, which includes provisions for up to \$18.0 million of potential future earn-out payments. The earn-out payments are tied to performance-based goals and a defined service period by the eligible recipients and are accounted for as post-acquisition compensation. The earn-out period is through September 30, 2025. As of March 31, 2022, we have not accrued any amounts related to the potential earn-out payments due to the uncertainty of payment. We have preliminarily recorded goodwill of \$1.0 million, however, are in the process of obtaining the necessary information to finalize the required purchase price allocations. We expect to complete the purchase price allocation as soon as practicable, but not later than one year from the acquisition date.

DGIT Systems Pty Ltd. On October 4, 2021, we acquired DGIT Systems Pty Ltd (“DGIT”), a provider of configure, price and quote (CPQ) and order management solutions for the telecommunications industry. We acquired 100% of the equity of DGIT for a purchase price of approximately \$16 million, approximately \$14 million paid upon close and the remaining escrowed funds of approximately \$2 million to be paid over the next four years, subject to certain reductions, as applicable. This acquisition includes provisions for up to approximately \$13 million of potential future earn-out payments. The earn-out payments are tied to performance-based goals and a defined service period by the eligible recipients and are accounted for as post-acquisition compensation, as applicable. The earn-out period is through September 30, 2025. As of March 31, 2022, we have accrued \$0.2 million related to the potential earn-out payments.

The preliminary estimated fair values of assets acquired primarily include goodwill of \$7.6 million, acquired customer contracts of \$5.1 million, and acquired software of \$3.6 million. The estimated fair values are considered provisional as we are completing our analysis for unbilled and deferred revenue, intangible assets, and income taxes. Thus, the provisional measurements of fair value are subject to change, however, such changes are not expected to be significant. We expect to complete the purchase price allocation as soon as practicable, but not later than one year from the acquisition date.

6. RESTRUCTURING AND REORGANIZATION CHARGES

For the first quarters ended March 31, 2022 and 2021, we recorded restructuring and reorganization charges of \$13.1 million and \$1.1 million, respectively.

During the first quarter of 2022 we implemented the following restructuring and reorganizational activities:

- In connection with our workplace of the future philosophy, we consolidated space at six of our leased real estate locations in the United States and India, resulting in restructuring charges related to the impairments of operating lease right-of-use assets, furniture and fixtures, and leasehold improvements and accelerated depreciation of \$11.1 million.
- We reduced our workforce by approximately 20 employees, mainly in North America, as a result of organizational changes and efficiencies. As a result, we incurred restructuring charges related to involuntary terminations of \$1.5 million

The activity in the business restructuring and reorganization reserves during the first quarter of 2022 was as follows (in thousands):

	Termination Benefits	Other	Total
January 1, 2022, balance	\$ 675	\$ -	\$ 675
Charged to expense during period	1,490	11,616	13,106
Cash payments	(1,363)	(388)	(1,751)
Adjustment for asset impairment	-	(10,667)	(10,667)
Other	117	(561)	(444)
March 31, 2022, balance	<u>\$ 919</u>	<u>\$ -</u>	<u>\$ 919</u>

As of March 31, 2022, \$0.9 million of the business restructuring and reorganization reserves were included in current liabilities.

7. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Guarantees. In the ordinary course of business, we may provide guarantees in the form of bid bonds, performance bonds, or standby letters of credit. At March 31, 2022, we had \$3.0 million of restricted assets used to collateralize these guarantees, with \$2.1 million included in cash and cash equivalents and \$0.9 million included in other non-current assets. We have bid bonds and performance guarantees in the form of surety bonds issued through a third-party of \$6.4 million that were not required to be recorded on our Balance Sheet. We are ultimately liable for claims that may occur against these guarantees. We have no history of material claims or are aware of circumstances that would require us to pay under any of these arrangements. We also believe that the resolution of any claim that may arise in the future, either individually or in the aggregate, would not be material to our Financial Statements.

Additionally, we have money transmitter bonds issued through a third-party for the benefit of various states to comply with the states' financial requirements and industry regulations for money transmitter licenses. At March 31, 2022, we had total aggregate money transmitter bonds of approximately \$17 million outstanding.

Warranties. We generally warrant that our solutions and related offerings will conform to published specifications, or to specifications provided in an individual customer arrangement, as applicable. The typical warranty period is 90 days from the date of acceptance of the solution or offering. For certain service offerings we provide a warranty for the duration of the services provided. We generally warrant that those services will be performed in a professional and workmanlike manner. The typical remedy for breach of warranty is to correct or replace any defective deliverable, and if not possible or practical, we will accept the return of the defective deliverable and refund the amount paid under the customer arrangement that is allocable to the defective deliverable. Our contracts also generally contain limitation of damages provisions in an effort to reduce our exposure to monetary damages arising from breach of warranty claims. Historically, we have incurred minimal warranty costs, and as a result, do not maintain a warranty reserve.

Solution and Services Indemnifications. Our arrangements with our customers generally include an indemnification provision that will indemnify and defend a customer in actions brought against the customer that claim our products and/or services infringe upon a copyright, trade secret, or valid patent. Historically, we have not incurred any significant costs related to such indemnification claims, and as a result, do not maintain a reserve for such exposure.

Claims for Company Non-performance. Our arrangements with our customers typically limit our liability for breach to a specified amount of the direct damages incurred by the customer resulting from the breach. From time-to-time, these arrangements may also include provisions for possible liquidated damages or other financial remedies for our non-performance, or in the case of certain of our revenue management platforms, provisions for damages related to service level performance requirements. The service level performance requirements typically relate to system availability and timeliness of service delivery. As of March 31, 2022, we believe we have adequate reserves, based on our historical experience, to cover any reasonably anticipated exposure as a result of our nonperformance for any past or current arrangements with our customers.

Indemnifications Related to Officers and the Board of Directors. We have agreed to indemnify members of our Board of Directors (the "Board") and certain of our officers if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. We maintain directors' and officers' (D&O) insurance coverage to protect against such losses. We have not historically incurred any losses related to these types of indemnifications, and are not aware of any pending or threatened actions or claims against any officer or member of our Board. As a result, we have not recorded any liabilities related to such indemnifications as of March 31, 2022. In addition, as a result of the insurance policy coverage, we believe these indemnification agreements are not significant to our results of operations.

Legal Proceedings. From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business.

8. EARNINGS PER COMMON SHARE

Basic and diluted earnings per common share ("EPS") amounts are presented on the face of the accompanying Income Statements.

The reconciliation of the basic and diluted EPS denominators related to the common shares is included in the following table (in thousands):

	Quarter Ended March 31,	
	2022	2021
Basic weighted-average common shares	31,416	31,844
Dilutive effect of restricted common stock	394	302
Diluted weighted-average common shares	31,810	32,146

The stock warrants have a dilutive effect only in those quarterly periods in which our average stock price exceeds the exercise price of \$26.68 per warrant (under the treasury stock method), and are not subject to performance vesting conditions (see Note 9). Potentially dilutive common shares related to non-participating unvested restricted stock excluded from the computation of diluted EPS, as the effect was antidilutive, were not material in any period presented.

9. STOCKHOLDERS' EQUITY AND EQUITY COMPENSATION PLANS

Stock Repurchase Program. We currently have a stock repurchase program, approved by our Board, authorizing us to repurchase shares of our common stock from time-to-time as market and business conditions warrant (the "Stock Repurchase Program"). During the first quarters of 2022 and 2021 we repurchased approximately 266,000 shares of our common stock for \$16.0 million (weighted-average price of \$60.13 per share) and approximately 142,000 shares of our common stock for \$6.5 million (weighted-average price of \$45.94 per share), respectively, under a SEC Rule 10b5-1 Plan.

As of March 31, 2022, the total remaining number of shares available for repurchase under the Stock Repurchase Program totaled 3.3 million shares.

Stock Repurchases for Tax Withholdings. In addition to the above-mentioned stock repurchases, during the first quarters of 2022 and 2021, we repurchased and then cancelled approximately 123,000 shares of common stock for \$7.8 million and approximately 110,000 shares of common stock for \$5.2 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plans.

Cash Dividends. During the first quarter of 2022, our Board approved a quarterly cash dividend of \$0.265 per share of common stock, totaling \$8.6 million. During the first quarter of 2021, our Board approved a quarterly cash dividend of \$0.25 per share of common stock, totaling \$8.2 million.

Warrants. In 2014, in conjunction with the execution of an amendment to our agreement with Comcast Corporation ("Comcast"), we issued stock warrants (the "Warrant Agreement") for the right to purchase up to 2.9 million shares of our common stock (the "Stock Warrants") as an additional incentive for Comcast to convert customer accounts onto our Advanced Convergent Platform ("ACP") based on various milestones. The Stock Warrants have a ten-year term and an exercise price of \$26.68 per warrant.

As of March 31, 2022, 1.0 million Stock Warrants remain issued, none of which were vested. The remaining unvested Stock Warrants will be accounted for as a customer contract cost asset once the performance conditions necessary for vesting are considered probable.

Stock-Based Awards. A summary of our unvested restricted common stock activity during the quarter ended March 31, 2022 is as follows (shares in thousands):

	Quarter Ended March 31, 2022	
	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, beginning	1,206	\$ 45.22
Awards granted	495	64.84
Awards forfeited/cancelled	(34)	46.04
Awards vested	(339)	43.31
Unvested awards, ending	1,328	\$ 52.94

Included in the awards granted during the first quarter of 2022 are awards issued to members of executive management and certain key employees in the form of: (i) performance-based awards of approximately 120,000 restricted common stock shares, which vest in the first quarter of 2024 upon meeting certain pre-established financial performance objectives over a two-year performance period; and (ii) market-based awards of approximately 40,000 restricted common stock shares, which vest in the first quarter of 2025 upon meeting a relative total shareholder return performance achievement tier. Certain of these awards become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment.

The other restricted common stock shares granted during the first quarter of 2022 are primarily time-based awards, which vest annually over three years with no restrictions other than the passage of time. Certain shares of the restricted common stock become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment, or death.

We recorded stock-based compensation expense for the first quarters of 2022 and 2021 of \$5.6 million and \$5.4 million, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this MD&A should be read in conjunction with the Financial Statements and Notes thereto included in this Form 10-Q and the audited consolidated financial statements and notes thereto in our 2021 10-K.

Forward-Looking Statements

This report contains a number of forward-looking statements relative to our future plans and our expectations concerning our business and the industries we serve. These forward-looking statements are based on assumptions about a number of important factors, and involve risks and uncertainties that could cause actual results to differ materially from estimates contained in the forward-looking statements. Some of the risks that are foreseen by management are outlined within Part I Item 1A. Risk Factors of our 2021 10-K. Readers are strongly encouraged to review that section closely in conjunction with MD&A.

Company Overview

We are a purpose-driven SaaS platform company that enables large enterprise customers in a wide variety of industry verticals to tackle the ever-growing complexity of business in the digital age. Our industry leading revenue management and digital monetization, customer engagement, and payments solutions make ordinary customer experiences extraordinary. Our cloud-first architecture and customer-centric approach help companies around the world acquire, monetize, engage, and retain the B2B (business-to-business) and B2C (business-to-consumer) customers. As brands reimagine their engagement strategies in an increasingly connected world, we sit at the center of a complex, multi-sided business model ensuring monetization and customer engagement is handled at all levels of the ecosystem.

We leverage 40 years of experience to deliver innovative customer engagement solutions for every stage of the customer lifecycle so our customers can deliver an outstanding customer experience that adapts to their customers' rapidly changing demands. Our diverse, worldwide workforce draws from real-world knowledge and extensive expertise to design and implement business solutions that make our customers' hardest decisions simpler so that they can focus on delivering differentiated and real-time experiences to their customers. As a global technology leader, we aspire to envision, invent, and shape a better, more future-ready world.

We focus our research and development ("R&D") and acquisition investments on expanding our offerings in a timely and efficient manner to address the complex, transformative needs of our customers. Our scalable, modular, and flexible solutions combined with our domain expertise and our ability to effectively migrate customers to our solutions, provide the industry with proven solutions to improve their profitability and consumers' experiences. We have specifically architected our solutions to offer a phased, incremental approach to transforming our customers' businesses, thereby reducing the business interruption risk associated with this evolution.

As discussed in Note 2 to our Financial Statements, we generate a majority of our revenue from the global communications markets; however, we serve an expanding group of customers in other markets including retail, healthcare, financial services, insurance, and government entities.

We are a member of the S&P Small Cap 600 and Russell 2000 indices.

Acquisition Activity

During 2021, we completed the following acquisitions: (i) Tango Telecom Limited ("Tango") in May; (ii) Kitewheel, LLC ("Kitewheel") in July; (iii) Keydok in September; and (iv) DGIT in October. Additionally, in July 2021, we obtained a controlling interest in MobileCard. The results of these businesses are included in our 2021 results of operations from the acquisition date forward. As a result, our year-over-year results of operations may not be comparable between periods due to the timing of the transactions. The comparable differences have been described below where relevant or significant.

Management Overview of Quarterly Results

First Quarter Highlights. A summary of our results of operations for the first quarter of 2022, when compared to the first quarter of 2021, is as follows (in thousands, except per share amounts and percentages):

	Quarter Ended	
	March 31, 2022	March 31, 2021
Revenue	\$ 264,400	\$ 253,119
Transaction fees (1)	18,038	16,450
Operating Results:		
Operating income	\$ 16,415	\$ 31,377
Operating income margin	6.2 %	12.4 %
Diluted EPS	\$ 0.19	\$ 0.61
Supplemental Data:		
Restructuring and reorganization charges (2)	\$ 13,106	\$ 1,060
Executive transition costs	1,275	55
Acquisition-related costs:		
Amortization of acquired intangible assets	3,656	2,241
Transaction-related costs	13	79
Stock-based compensation (2)	5,721	5,395
Amortization of OID	-	772
Loss on derivative liability upon debt conversion	7,456	-

- (1) Transaction fees are primarily comprised of interchange and other payment-related fees that we pay, in conjunction with the delivery of service to customers under our payment services contracts, to third-party payment processors and financial institutions. Because we control the integrated service provided under our payment services customer contracts, these transaction fees are presented gross, and not netted against revenue.
- (2) Stock-based compensation included in the table above excludes amounts that have been recorded in restructuring and reorganization charges.

Revenue. Revenue for the first quarter of 2022 was \$264.4 million, a 4.5% increase when compared to revenue of \$253.1 million for the first quarter of 2021. This year-over-year increase can be primarily attributed to the continued growth of our revenue management solutions, as approximately two-thirds of the increase was attributed to organic growth.

Operating Results. Operating income for the first quarter of 2022 was \$16.4 million, or a 6.2% operating margin percentage, compared to \$31.4 million, or a 12.4% operating margin percentage for the first quarter of 2021. The decrease in operating income is mainly a result of a \$12.0 million increase in restructuring and reorganization charges related primarily to real estate restructurings in the first quarter of 2022.

Diluted EPS. Diluted EPS for the first quarter of 2022 was \$0.19 compared to \$0.61 for the first quarter of 2021, with the decrease primarily attributed to the increase in restructuring and reorganization charges, mentioned above, and a \$7.5 million loss incurred on a derivative liability upon conversion of our 2016 Convertible Notes, discussed in our Results of Operations section below.

Cash and Cash Flows. As of March 31, 2022, we had cash, cash equivalents and short-term investments of \$187.6 million, as compared to \$233.7 million as of December 31, 2021. Our cash flows used in operating activities for the quarter ended March 31, 2022 were (\$5.5) million and were negatively impacted by the payment of the 2021 year-end accrued employee incentive compensation during the quarter. See the Liquidity section below for further discussion of our cash flows.

Significant Customer Relationships

Customer Concentration. A large percentage of our historical revenue has been generated from our two largest customers, which are Comcast and Charter Corporation Inc. (“Charter”).

Revenue from these customers for the indicated periods was as follows (in thousands, except percentages):

	Quarter Ended					
	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Comcast	\$ 52,524	20 %	\$ 54,861	20 %	\$ 53,454	21 %
Charter	52,069	20 %	57,332	21 %	53,382	21 %

The percentages of net billed accounts receivable balances attributable to our largest customers as of the indicated dates were as follows:

	As of		
	March 31, 2022	December 31, 2021	March 31, 2021
Comcast	20 %	20 %	20 %
Charter	20 %	23 %	31 %

See our 2021 10-K for additional discussion of our business relationships and contractual terms with Comcast and Charter.

Risk of Customer Concentration. We expect to continue to generate a significant percentage of our future revenue from our largest customers mentioned above. There are inherent risks whenever a large percentage of total revenue are concentrated with a limited number of customers. Should a significant customer: (i) terminate or fail to renew their contracts with us, in whole or in part, for any reason; (ii) significantly reduce the number of customer accounts processed on our solutions, the price paid for our services, or the scope of services that we provide; or (iii) experience significant financial or operating difficulties, it could have a material adverse effect on our financial condition and results of operations.

Critical Accounting Policies

The preparation of our Financial Statements in conformity with U.S. GAAP requires us to select appropriate accounting policies, and to make judgments and estimates affecting the application of those accounting policies. In applying our accounting policies, different business conditions or the use of different assumptions may result in materially different amounts reported in our Financial Statements.

We have identified the most critical accounting policies that affect our financial position and the results of our operations. Those critical accounting policies were determined by considering the accounting policies that involve the most complex or subjective decisions or assessments. The most critical accounting policies identified relate to the following items: (i) revenue recognition; (ii) impairment assessments of long-lived assets; (iii) income taxes; and (iv) loss contingencies. These critical accounting policies, as well as our other significant accounting policies, are discussed in our 2021 10-K.

Results of Operations

Revenue. Total revenue for the first quarter of 2022 was \$264.4 million, a 4.5% increase when compared to \$253.1 million for the first quarter of 2021. This increase can be primarily attributed to the continued growth of our revenue management solutions and the revenue generated from the businesses acquired in 2021. Approximately two-thirds of the year-over-year increase in revenue can be attributed to organic growth resulting mainly from increased professional services revenue related to implementation projects, increased payments volume, and conversions of customer accounts onto our solutions.

We use the location of the customer as the basis of attributing revenue to individual countries. Revenue by geographic regions for the first quarters of 2022 and 2021 was as follows (in thousands):

	Quarter Ended March 31,	
	2022	2021
Americas (principally the U.S.)	\$ 222,960	\$ 217,652
Europe, Middle East, and Africa	31,561	24,768
Asia Pacific	9,879	10,699
Total revenue	\$ 264,400	\$ 253,119

Total Operating Expenses. Total operating expenses for the first quarter of 2022 were \$248.0 million, an 11.8% increase when compared to \$221.7 million for the first quarter of 2021. This increase can be mainly attributed to increased restructuring and reorganization costs, discussed below, and the additional expenses incurred by the businesses acquired during 2021.

The components of total expenses are discussed in more detail below.

Cost of Revenue (Exclusive of Depreciation). The cost of revenue for the first quarter of 2022 was \$138.4 million, a 3.7% increase when compared to \$133.5 million for the first quarter of 2021. The increase in cost of revenue between periods is reflective of the increase in revenue year-over-year, and can be mainly attributed to higher employee-related costs, to include the 2021 acquired businesses. Total cost of revenue as a percentage of revenue for the first quarters of 2022 and 2021 was 52.4% and 52.8%, respectively.

R&D Expense (Exclusive of Depreciation). R&D expense for the first quarter of 2022 was \$33.0 million, a 2.4% increase when compared to \$32.2 million for the first quarter of 2021, with the increase mainly attributed to the development activities of the acquired businesses. As a percentage of total revenue, R&D expense for the first quarters of 2022 and 2021 was 12.5% and 12.7%, respectively.

Our R&D efforts are focused on the continued evolution of our solutions that enable our customers worldwide to provide a more personalized experience while introducing new digital products and services. This includes the continued investment in our products and integration of the recently acquired assets into our solutions.

SG&A Expense (Exclusive of Depreciation). SG&A expense for the first quarter of 2022 was \$57.3 million, a 17.5% increase when compared to \$48.8 million for the first quarter of 2021. The increase in SG&A expense is primarily attributed to an increase in employee-related costs, and is reflective of our growth strategy, to include the SG&A costs associated with our recently acquired businesses, as we continue to pursue organic and inorganic growth opportunities. Additionally, SG&A for the first quarter of 2022 included \$1.3 million of executive transition costs. Our SG&A costs as a percentage of total revenue for the first quarters of 2022 and 2021 were 21.7% and 19.3%, respectively.

Restructuring and Reorganization Charges. Restructuring and reorganization charges for the first quarter of 2022 were \$13.1 million, a \$12.0 million increase when compared to \$1.1 million for the first quarter of 2021, with the increase related primarily to real estate restructurings in the first quarter of 2022. See Note 6 to our Financial Statements for additional discussion.

Operating Income. Operating income for the first quarter of 2022 was \$16.4 million, or 6.2% of total revenue, compared to \$31.4 million, or 12.4% of total revenue for the first quarter of 2021. The decrease in operating income is mainly due to the increased restructuring and reorganization charges and SG&A expense, discussed above.

Loss on Derivative Liability Upon Debt Conversion. During the first quarter of 2022, we settled our 2016 Convertible Notes for approximately \$242 million in cash. As a result of the conversion of the 2016 Convertible Notes in March 2022, we recognized a \$7.5 million loss on a derivative liability related to the change in our stock price over the Observation Period prior to settlement. See Note 4 to our Financial Statements for further discussion.

Income Tax Provision. The effective income tax rates for the first quarters of 2022 and 2021 were as follows:

Quarter Ended March 31,	
2022	2021
8 %	26 %

The first quarter of 2022 effective income tax rate was impacted by the combination of lower net income for the quarter and a discrete tax benefit related to the vesting of restricted common stock during the quarter. Our estimated full year 2022 effective income tax rate is approximately 26%.

Liquidity

Cash and Liquidity. As of March 31, 2022, our principal sources of liquidity included cash, cash equivalents and short-term investments of \$187.6 million, compared to \$233.7 million as of December 31, 2021. We generally invest our excess cash balances in low-risk, short-term investments to limit our exposure to market and credit risks.

As part of our 2021 Credit Agreement, we have a \$450 million senior secured revolving loan facility with a syndicate of financial institutions that expires in September 2026. As of March 31, 2022, we had \$245 million outstanding on our 2021 Revolver and had the remaining \$205 million available to us. The 2021 Credit Agreement contains customary affirmative covenants and financial covenants. As of March 31, 2022, and the date of this filing, we believe that we are in compliance with the provisions of the 2021 Credit Agreement.

Our cash, cash equivalents and short-term investment balances as of the end of the indicated periods were located in the following geographical regions (in thousands):

	March 31, 2022	December 31, 2021
Americas (principally the U.S.)	\$ 117,058	\$ 164,561
Europe, Middle East and Africa	58,001	56,368
Asia Pacific	12,531	12,743
Total cash, equivalents and short-term investments	\$ 187,590	\$ 233,672

We generally have ready access to substantially all of our cash, cash equivalents and short-term investment balances, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences. As of March 31, 2022, we had \$2.1 million of cash restricted as to use primarily to collateralize outstanding letters of credit included in our total cash, cash equivalents and short-term investments balance.

Additionally, as of March 31, 2022 and December 31, 2021, we have \$163.1 million and \$186.3 million, respectively, of settlement and merchant reserve assets. These funds are held with major financial institutions and while not legally or contractually restricted, we do hold these funds in separate accounts, and classify them as restricted cash in our Statements of Cash Flows.

Cash Flows from Operating Activities. We calculate our cash flows from operating activities beginning with net income, adding back the impact of non-cash items or non-operating activity (e.g., depreciation, amortization, amortization of OID, impairments, gain/loss from debt extinguishments, gains/losses from derivative liabilities upon debt conversion, deferred income taxes, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities. See our 2021 10-K for a description of the primary uses and sources of our cash flows from operating activities.

Our first quarters of 2022 and 2021 net cash flows from operating activities, broken out between operations and changes in operating assets and liabilities, for the indicated quarterly periods are as follows (in thousands):

	<u>Operations</u>	<u>Changes in Operating Assets and Liabilities</u>	<u>Net Cash Provided by (Used In) Operating Activities – Totals</u>
Cash Flows from Operating Activities:			
2022:			
March 31	\$ 49,823	\$ (55,372)	\$ (5,549)
2021:			
March 31	\$ 49,273	\$ (51,497)	\$ (2,224)

Cash flows from operating activities for the first quarters of 2022 and 2021 reflect the impact of the payment of the 2021 and 2020 year-end accrued employee incentive compensation in the first quarter subsequent to the year-end accrual for these items.

Additionally, cash flows from operating activities for the first quarter of 2021 were negatively impacted by the timing of a certain recurring key customer payment that was delayed and received subsequent to quarter-end, of approximately \$26 million.

Variations in our net cash provided by/used in operating activities are generally related to the changes in our operating assets and liabilities (related mostly to fluctuations in timing at quarter-end of customer payments and changes in accrued expenses), and generally over longer periods of time, do not significantly impact our cash flows from operations.

Significant fluctuations in key operating assets and liabilities between 2022 and 2021 that impacted our cash flows from operating activities are as follows:

Billed Trade Accounts Receivable

Management of our billed accounts receivable is one of the primary factors in maintaining strong cash flows from operating activities. Our billed trade accounts receivable balance includes significant billings for several non-revenue items (primarily postage, sales tax, and deferred revenue items). As a result, we evaluate our performance in collecting our accounts receivable through our calculation of days billings outstanding (“DBO”) rather than a typical days sales outstanding (“DSO”) calculation.

Our gross and net billed trade accounts receivable and related allowance for doubtful accounts receivable (“Allowance”) as of the end of the indicated quarterly periods, and the related DBOs for the quarters then ended, are as follows (in thousands, except DBOs):

<u>Quarter Ended</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net Billed</u>	<u>DBOs</u>
2022:				
March 31	\$ 243,292	\$ (4,924)	\$ 238,368	70
2021:				
March 31	\$ 250,743	\$ (3,718)	\$ 247,025	70

As of March 31, 2022 and 2021, approximately 94% and 97%, respectively, of our billed accounts receivable balance were less than 60 days past due.

We may experience adverse impacts to our DBOs if and when customer payment delays occur. However, these recurring monthly payments that cross a reporting period-end do not raise any collectability concerns, as payment is generally received subsequent to quarter-end. All other changes in our gross and net billed accounts receivable reflect the normal fluctuations in the timing of customer payments at quarter-end, as evidenced by our relatively consistent DBO metric.

As a global provider of solutions and services, a portion of our accounts receivable balance relates to international customers. This diversity in the geographic composition of our customer base may adversely impact our DBOs as longer billing cycles (i.e., billing terms and cash collection cycles) are an inherent characteristic of international transactions. For example, our ability to invoice and collect arrangement fees may be dependent upon, among other things: (i) the completion of various customer administrative matters, local country billing protocols and processes (including local cultural differences), and non-customer administrative matters; (ii) meeting certain contractual invoicing milestones; (iii) the overall project status in certain situations in which we act as a subcontractor to another vendor on a project; or (iv) due to currency controls in certain foreign jurisdictions.

Accrued Employee Compensation

Accrued employee compensation decreased \$29.6 million to \$61.5 million as of March 31, 2022, from \$91.1 million as of December 31, 2021, due primarily to the payment of the 2021 employee incentive compensation that was fully accrued at December 31, 2021.

Cash Flows from Investing Activities. Our typical investing activities consist of purchases/sales of short-term investments and purchases of software, property and equipment, which are discussed below.

Purchases/Sales of Short-Term Investments

For the first quarters of 2022 and 2021, we purchased zero and \$32.3 million, respectively, and sold (or had mature) \$21.9 million and \$29.3 million, respectively, of short-term investments. We continually evaluate the appropriate mix of our investment of excess cash balances between cash equivalents and short-term investments in order to maximize our investment returns and liquidity.

Purchases of Software, Property and Equipment

Our capital expenditures for the first quarters of 2022 and 2021 for software, property and equipment were \$10.4 million and \$8.2 million, respectively, and consisted principally of investments in: (i) facilities and internal infrastructure items; (ii) computer hardware, software, and related equipment; and (iii) statement production equipment.

Cash Flows from Financing Activities. Our financing activities typically consist of activities associated with our common stock, long-term debt, and settlement and merchant reserve activity.

Cash Dividends Paid on Common Stock

During the first quarters of 2022 and 2021, the Board approved dividends totaling \$8.6 million and \$8.2 million, respectively, and made dividend payments of \$8.9 million and \$8.6 million, respectively, through March 31, 2022 and 2021, with the differences attributed to dividends on unvested incentive shares that are paid upon vesting of those shares.

Repurchase of Common Stock

During the first quarters of 2022 and 2021, we repurchased approximately 266,000 and 142,000 shares of our common stock, respectively, under the guidelines of our Stock Repurchase Program for \$16.0 million and \$6.5 million, respectively.

Outside of our Stock Repurchase Program, during the first quarters of 2022 and 2021, we repurchased from our employees and then cancelled approximately 123,000 and 110,000 shares of our common stock, respectively, for \$7.8 million and \$5.2 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plans.

Through the first quarters of 2022 and 2021, we have paid \$23.7 million and \$11.7 million, respectively, with the differences attributed to the timing of share settlement.

Long-term Debt

During the first quarters of 2022 and 2021, we made principal repayments of \$1.9 million and \$2.8 million, respectively. Additionally, during the first quarter of 2022, we borrowed \$245.0 million from our 2021 Revolver to settle our 2016 Convertible Notes for \$242.3 million.

See Note 4 to our Financial Statements for additional discussion of our long-term debt.

Settlement and Merchant Reserve Activity

During the first quarters of 2022 and 2021, we had net settlement and merchant reserve activity of \$23.5 million and \$41.5 million, respectively, related to the cash collected, held on behalf, and paid to our customers related to our payment processing services and the net change in deposits held on behalf of our merchants.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements are mainly limited to money transmitter bonds, bid bonds, and performance bonds. These arrangements do not have a material impact and are not reasonably likely to have a material future impact to our financial condition, results of operation, liquidity, capital expenditures, or capital resources. See Note 7 to our Financial Statements for additional information on these guarantees.

Capital Resources

The following are the key items to consider in assessing our sources and uses of capital resources:

Current Sources of Capital Resources. Below are the key items to consider in assessing our current sources of capital resources:

- Cash, Cash Equivalents and Short-term Investments. As of March 31, 2022, we had cash, cash equivalents, and short-term investments of \$187.6 million, of which approximately 57% is in U.S. dollars and held in the U.S. Included in cash and cash equivalents is \$2.1 million of restricted cash, used primarily to collateralize outstanding letters of credit. For the remainder of the monies denominated in foreign currencies and/or located outside the U.S., we do not anticipate any material amounts being unavailable for use in funding our business.
- Operating Cash Flows. As described in the Liquidity section above, we believe we have the ability to generate strong cash flows to fund our operating activities and act as a source of funds for our capital resource needs.
- Revolving Credit Facility. As part of our 2021 Credit Agreement, we have a \$450 million revolving loan facility, our 2021 Revolver. As of March 31, 2022, we had \$245 million outstanding on our 2021 Revolver and had the remaining \$205 million available to us. Our long-term debt obligations are discussed in more detail in Note 4 to our Financial Statements.

Uses/Potential Uses of Capital Resources. Below are the key items to consider in assessing our uses/potential uses of capital resources:

- Common Stock Repurchases. We have made repurchases of our common stock in the past under our Stock Repurchase Program. As of March 31, 2022, we had 3.3 million shares authorized for repurchase remaining under our Stock Repurchase Program. Our 2021 Credit Agreement places certain limitations on our ability to repurchase our common stock.

Under our Stock Repurchase Program, we may repurchase shares in the open market or in privately negotiated transactions, including through an accelerated stock repurchase plan or under a SEC Rule 10b5-1 plan. The actual timing and amount of share repurchases are dependent on the current market conditions and other business-related factors. Our common stock repurchases are discussed in more detail in Note 9 to our Financial Statements.

During the first quarter of 2022, we repurchased approximately 266,000 shares of our common stock for \$16.0 million (weighted-average price of \$60.13 per share).

Outside of our Stock Repurchase Program, during the first quarter of 2022, we repurchased from our employees and then cancelled approximately 123,000 shares of our common stock for \$7.8 million in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plans.

- Executive Transition. In 2020, we entered into a Separation Agreement with our former President and CEO which includes a commitment to pay additional compensation of approximately \$7 million, for which approximately \$5 million was paid in 2021 and approximately \$2 million was paid in the first quarter of 2022.
- Cash Dividends. During the first quarter of 2022, the Board declared dividends totaling \$8.6 million. Going forward, we expect to pay cash dividends each year in March, June, September, and December, with the amount and timing subject to the Board's approval.
- Acquisitions. As a result of our recent acquisition activity, we have the following potential future obligations:
 - o The 2020 acquisition of Tekzenit includes provisions for additional purchase price payments in the form of earn-out and qualified sales payments for up to \$10.0 million over a measurement period through March 31, 2023. As of March 31, 2022 we have made no earn-out or qualified sales payments for this acquisition.
 - o The 2021 Kitewheel purchase acquisition agreement includes deferred purchase price payments of \$6.0 million to be paid in equal annual amounts over the next three years.
 - o The 2021 Keydok acquisition purchase agreement includes provisions for up to \$18.0 million of potential future earn-out payments. As of March 31, 2022 we have not accrued any amounts related to the potential earn-out payments.

- o The 2021 DGIT acquisition purchase price includes escrowed funds of approximately \$2 million to be paid over the next four years, subject to certain reductions, as applicable, and provisions for up to approximately \$13 million of potential future earn-out payments. The earn-out period is through September 30, 2025. As of March 31, 2022 we accrued \$0.2 million related to potential earn out payments.

Our acquisitions are discussed in more detail in Note 5 to our Financial Statements. As part of our growth strategy, we are continually evaluating potential business and/or asset acquisitions and investments in market share expansion with our existing and potential new customers and expansion into verticals outside the global communications market.

- Capital Expenditures. During the first quarter of 2022, we spent \$10.4 million on capital expenditures. As of March 31, 2022, we had committed to purchase approximately \$10 million of equipment.
- Stock Warrants. We have issued Stock Warrants with an exercise price of \$26.68 per warrant to Comcast as an incentive for Comcast to convert new customer accounts to ACP. Once vested, Comcast may exercise the Stock Warrants and elect either physical delivery of common shares or net share settlement (cashless exercise). Alternatively, the exercise of the Stock Warrants may be settled with cash based solely on our approval, or if Comcast were to beneficially own or control in excess of 19.99% of the common stock or voting of the Company. As of March 31, 2022, approximately 1.0 million Stock Warrants remain issued, none of which are vested.

The Stock Warrants are discussed in more detail in Note 9 to our Financial Statements.

- Long-Term Debt. As of March 31, 2022, our long-term debt consisted of our 2021 Credit Agreement which includes: (i) outstanding 2021 Term Loan borrowings of \$146.3 million; and (ii) outstanding 2021 Revolver borrowings of \$245.0 million. During the first quarter of 2022, we borrowed \$245.0 million from our 2021 Revolver to settle our 2016 Convertible Notes for \$242.3 million. As of March 31, 2022, there were no remaining 2016 Convertible Notes outstanding.

Our 2021 Credit Agreement mandatory repayments for the next twelve months are \$7.5 million and the cash interest expense (based upon then current interest rates) for the 2021 Term Loan and 2021 Revolver (assuming no further amounts are borrowed and the amount is not paid down) are \$3.5 million and \$5.9 million, respectively. We have the ability to make prepayments on our 2021 Credit Agreement.

Our long-term debt obligations are discussed in more detail in Note 4 to our Financial Statements.

In summary, we expect to continue to have material needs for capital resources going forward, as noted above. We believe that our current cash, cash equivalents and short-term investments balances and our 2021 Revolver, together with cash expected to be generated in the future from our current operating activities, will be sufficient to meet our anticipated capital resource requirements for at least the next twelve months. We also believe we could obtain additional capital through other debt sources which may be available to us if deemed appropriate.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Market risk is the potential loss arising from adverse changes in market rates and prices. As of March 31, 2022, we are exposed to various market risks, including changes in interest rates, fluctuations and changes in the market value of our cash equivalents and short-term investments, and changes in foreign currency exchange rates. We have not historically entered into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

Long-Term Debt. The interest rates on our 2021 Credit Agreement are based upon an adjusted LIBOR rate plus an applicable margin, or an alternate base rate plus an applicable margin. See Note 4 to our Financial Statements for further details of our long-term debt.

A hypothetical adverse change of 10% in the March 31, 2022 adjusted LIBOR rate would not have had a material impact upon our results of operations.

Market Risk

Cash Equivalents and Short-term Investments. Our cash and cash equivalents as of March 31, 2022 and December 31, 2021 were \$181.5 million and \$205.6 million, respectively. Certain of our cash balances are swept into overnight money market accounts on a daily basis, and at times, any excess funds are invested in low-risk, somewhat longer term, cash equivalent instruments and short-term investments. Our cash equivalents are invested primarily in institutional money market funds, commercial paper, and time deposits held at major banks. We have minimal market risk for our cash and cash equivalents due to the relatively short maturities of the instruments.

Our short-term investments as of March 31, 2022 and December 31, 2021 were \$6.1 million and \$28.0 million, respectively. Currently, we utilize short-term investments as a means to invest our excess cash only in the U.S. The day-to-day management of our short-term investments is performed by a large financial institution in the U.S., using strict and formal investment guidelines approved by our Board. Under these guidelines, short-term investments are limited to certain acceptable investments with: (i) a maximum maturity; (ii) a maximum concentration and diversification; and (iii) a minimum acceptable credit quality. At this time, we believe we have minimal liquidity risk associated with the short-term investments included in our portfolio.

Settlement and Merchant Reserve Assets. We are exposed to market risk associated with cash held on behalf of our merchants related to our payment processing services. As of March 31, 2022 and December 31, 2021, we had \$163.1 million and \$186.3 million, respectively, of cash collected on behalf of our merchants. The cash is held in accounts with various major financial institutions in the U.S. and Canada in an amount equal to at least 100% of the aggregate amount owed to our merchants. These balances can significantly fluctuate between periods due to activity at the end of the period and the day in which the period ends.

Foreign Currency Exchange Rate Risk

Due to foreign operations around the world, our balance sheet and income statement are exposed to foreign currency exchange risk due to the fluctuations in the value of currencies in which we conduct business. While we attempt to maximize natural hedges by incurring expenses in the same currency in which we contract revenue, the related expenses for that revenue could be in one or more differing currencies than the revenue stream.

During the first quarter of 2022, we generated approximately 86% of our revenue in U.S. dollars. We expect that, in the foreseeable future, we will continue to generate a very large percentage of our revenue in U.S. dollars.

As of March 31, 2022 and December 31, 2021, the carrying amounts of our monetary assets and monetary liabilities on the books of our non-U.S. subsidiaries in currencies denominated in a currency other than the functional currency of those non-U.S. subsidiaries are as follows (in thousands, in U.S. dollar equivalents):

	March 31, 2022		December 31, 2021	
	Monetary Liabilities	Monetary Assets	Monetary Liabilities	Monetary Assets
Pounds sterling	\$ (4)	\$ 2,013	\$ (4)	\$ 1,829
Euro	(39)	6,476	(297)	2,702
U.S. Dollar	(157)	30,300	(541)	30,212
South African Rand	-	1,461	(95)	3,631
Other	-	738	(10)	976
Totals	<u>\$ (200)</u>	<u>\$ 40,988</u>	<u>\$ (947)</u>	<u>\$ 39,350</u>

A hypothetical adverse change of 10% in the March 31, 2022 exchange rates would not have had a material impact upon our results of operations.

Item 4. Controls and Procedures***(a) Disclosure Controls and Procedures***

As required by Rule 13a-15(b), our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), conducted an evaluation as of the end of the period covered by this report of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e). Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Internal Control Over Financial Reporting

As required by Rule 13a-15(d), our management, including the CEO and CFO, also conducted an evaluation of our internal control over financial reporting, as defined by Rule 13a-15(f), to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, the CEO and CFO concluded that there has been no such change during the quarter covered by this report.

CSG SYSTEMS INTERNATIONAL, INC.
PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business. We are not presently a party to any material pending or threatened legal proceedings.

Item 1A. Risk Factors

A discussion of our risk factors can be found in Item 1A. Risk Factors in our 2021 Form 10-K. There were no material changes to the risk factors disclosed in our 2021 Form 10-K during the first quarter of 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to purchases of our common stock made during the first quarter of 2022 by CSG Systems International, Inc. or any “affiliated purchaser” of CSG Systems International, Inc., as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs (2)
January 1 - January 31	81,076	\$ 57.04	80,000	3,524,717
February 1 - February 28	128,050	59.43	94,000	3,430,717
March 1 - March 31	179,993	64.41	92,000	3,338,717
Total	389,119	\$ 61.23	266,000	

- (1) The total number of shares purchased that are not part of the Stock Repurchase Program represents shares purchased and cancelled in connection with stock incentive plans.
- (2) See Note 9 to our Financial Statements for additional information regarding our share repurchases.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

The Exhibits filed or incorporated by reference herewith are as specified in the Exhibit Index.

CSG SYSTEMS INTERNATIONAL, INC.
INDEX TO EXHIBITS

Exhibit Number	Description
10.26AZ*	<u>Sixty-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BA*	<u>Sixty-Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.27O*	<u>Fourteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27P*	<u>Fifteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27Q*	<u>Sixteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27R*	<u>Seventeenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27S*	<u>Eighteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27T*	<u>Nineteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.60	<u>CSG Systems International, Inc. Executive Severance Plan</u>
10.61	<u>CSG Systems International, Inc. Executive Severance Plan Participation Agreement with Brian A. Shepherd, dated April 1, 2022</u>
10.62	<u>CSG Systems International, Inc. Executive Severance Plan Participation Agreement with Kenneth M. Kennedy, dated April 1, 2022</u>
10.63	<u>CSG Systems International, Inc. Executive Severance Plan Participation Agreement with Elizabeth A. Bauer, dated April 1, 2022</u>
10.81	<u>Forms of Agreement for Equity Compensation</u>
10.84	<u>Forms of Agreement for Equity Compensation</u>
31.01	<u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.02	<u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.01	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Portions of the exhibit have been omitted pursuant to SEC rules regarding confidential information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 5, 2022

CSG SYSTEMS INTERNATIONAL, INC.

/s/ Brian A. Shepherd

Brian A. Shepherd
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Hai Tran

Hai Tran
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ David N. Schaaf

David N. Schaaf
Chief Accounting Officer
(Principal Accounting Officer)

THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH (*)**.

**SIXTY-FIRST AMENDMENT
TO
CONSOLIDATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC**

SCHEDULE AMENDMENT

This **Sixty-first Amendment** (the “Amendment”) is made by and between **CSG Systems, Inc.**, a Delaware corporation (“CSG”), and **Charter Communications Operating, LLC**, a Delaware limited liability company (“Customer”). CSG and Customer entered into that certain Consolidated CSG Master Subscriber Management System Agreement effective as of August 1, 2017 (CSG document no. 4114281), as amended (the “Agreement”), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

1. Customer desires to use and CSG agrees to provide to Customer CSG’s Statement Tax Data Extract Service, as described herein, under the Agreement. Therefore, upon execution of this Amendment the following changes are hereby made to the Agreement:

- a) Schedule C, entitled “Recurring Services,” of the Agreement shall be amended to add [***** ** ** ** **] as a Recurring Service.
- b) Schedule C, entitled “Recurring Services,” of the Agreement shall be amended to add the following under “Recurring Services Description”:

“[***** ** ** ** **]. CSG will generate and make available, via delivery to a CSG [***** ** (****) ****], a per “[*****] ***** ** ** ** **” (each a “**** ** ** ** **”) that will include the [*** amount and invoice number on a *** ***** ** ** ** **]. The [*** ***** ** ** ** **] will be delivered by CSG to a CSG [***** ** (****) ****] and made available to Customer for pick up from the [**** ****]. Each [*** ***** ** ** ** **] delivered by CSG to the [**** ****] will be available to Customer for a period of [***** ** (**) ****] from the date of delivery of such [*** ***** ** **^ *****].”

2. As a result, upon execution of this Amendment and pursuant to the terms and conditions of the Agreement, Schedule E, “Fees,” Section 1., “CSG Services,” subsection III., “Payment Procurement,” subsection A, “Direct Solutions (Print and Mail),” subsection 9, “Other Print and Mail Ancillary Service Fees” is amended to add a new subsection “g,” “[*** ** ** ** **] (Notes 46-49),” as follows:**

Description	Frequency	Fee
9. Other [**** and **** *****] Fees		
g. [***** ** ** *		
i. Development and Implementation (Note 46)	[** **]	[****]
ii. Maintenance and Support Services (Note 47) (Note 48) (Note 49)	[*****]	[\$*****]

Note 46: Implementation and set up of the CSG [***** ** ** *] shall be mutually agreed upon and documented in that certain Statement of Work, “***** ** ***** ** *” (CSG document no. *****) (“***** ** * SOW”) to be executed by CSG and Customer.

Note 47: Maintenance and Support Fees will include up to [** (**) ****] of support, *****, for the purposes of (i) ***** and ***** and (ii) ***** support regarding *****. Any hours requested by Customer in excess of such [** (**) *****] shall be billed to Customer on a ***** at the then current ***** (or as otherwise mutually agreed by the parties) in a separate Statement of Work. For purposes of clarification, Maintenance and Support Fees will not include pre-release testing or changes required by use of new features, functions, products, or substantive configuration changes.

Note 48: Maintenance and Support Fees will be invoiced [*****], commencing in the ***** following CSG’s delivery of the [***** defined in the *****] SOW. Customer may discontinue Maintenance and Support at any time; provided, however, Customer shall provide no less than ***** (**) ***** written notice (email is sufficient) prior to discontinuing the Maintenance and Support services and Customer shall ***** discontinue use of the [***** ** *]. The Maintenance and Support Fee for the ***** of the Maintenance and Support services will be due in full regardless of the date on which the notice of termination is provided and the Maintenance and Support services provided to Customer shall cease and no longer be available.

Note 49: The [*****] Maintenance and Support Services Fee, referenced above, will be subject to the [***** ** *], pursuant to ***** of the Agreement.

THIS AMENDMENT is executed on the days and year last signed below to be effective as of the date last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC
("CUSTOMER")

By: Charter Communications, Inc., its Manager

By: /s/ Eugene M Homan Jr

Name: Eugene M Homan Jr

Title: VP – Strategic Projects

Date: Jan 3, 2022

CSG SYSTEMS, INC. ("CSG")

By: /s/ Gregory L. Cannon

Name: Gregory L. Cannon

Title: SVP, General Counsel & Secretary

Date: Jan 3, 2022

THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH ().**

**SIXTY-THIRD AMENDMENT
TO
CONSOLIDATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC**

SCHEDULE AMENDMENT

This **Sixty-third Amendment** (the “Amendment”) is made by and between **CSG Systems, Inc.**, a Delaware corporation (“CSG”), and **Charter Communications Operating, LLC**, a Delaware limited liability company (“Customer”). CSG and Customer entered into that certain Consolidated CSG Master Subscriber Management System Agreement effective as of August 1, 2017 (CSG document no. 4114281), as amended (the “Agreement”), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

1. Customer and CSG mutually agree, effective as of the Amendment Effective Date, to utilize a minimalized version of a statement of work document to be known and identified in each instance as an “[***** ***** ** ****]” or an “[***** ***** ** ****]” or an “[*_*_*_]” for certain of Customer’s services requests, including such technical services requests previously processed via a “[***]” document in the Form of Exhibit E-1 and subject to the terms and conditions of Exhibit E-2 of the Agreement and any such other services requests and projects, subject, however, in each instance, inclusive of the following criteria:
 - a) [***** Fees will not exceed \$*****] (inclusive of Reimbursable Expenses, if any)
 - b) Completion Date is [**** than ***** (**)] days from the Commencement Date
 - c) Does not include development or implementation of any feature enhancement projects
 - d) Not subject to [***** *****]
2. As a result, Customer and CSG further agree to amend the Agreement to add a new Schedule D-2, “[***** ***** ** ****],” which shall be substantially similar in form to Schedule D-2, attached hereto as Attachment 1 and incorporated herein by reference and, further, agree to amend the Table of Contents and Sections 3.2 and 12.18 of the Agreement such that the terms and conditions of this Amendment shall be incorporated therein, as applicable.

[Signature Page Follows]

THIS AMENDMENT is executed on the days and year last signed below to be effective as of the date last signed below (the "Amendment Effective Date").

**CHARTER COMMUNICATIONS OPERATING, LLC
("CUSTOMER")**

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: Stephanie Babin
Name: Stephanie Babin
Title: GVP Billing Design
Date: Feb 1, 2022

By: /s/ Rasmani Bhattacharya
Name: Rasmani Bhattacharya
Title: SVP and General Counsel
Date: Jan 28, 2022

SCHEDULE D-2

$$\left[\frac{S}{\left(\frac{S}{S} \right)}, \frac{S}{\left(\frac{S}{S} \right)} \right]$$
[illegible]

CHARTER COMMUNICATIONS OPERATING, LLC ("CUSTOMER")		CSG SYSTEMS, INC. ("CSG")	
By: Charter Communications, Inc., its Manager			
By:		By:	
Name:		Name:	
Title:		Title:	
Date:		Date:	

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**FIFTEENTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC**

THIS FIFTEENTH AMENDMENT (this “Fifteenth Amendment”) is made by and between **CSG Systems, Inc.** (“CSG”) and **Comcast Cable Communications Management, LLC** (“Customer”). The effective date of this amendment is the date last signed below (the “Fifteenth Amendment Effective Date”). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the “Agreement”) and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Fifteenth Amendment. If the terms and conditions set forth in this Fifteenth Amendment conflict with the Agreement, the terms and conditions of this Fifteenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Fifteenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Fifteenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Fifteenth Amendment. Except as amended by this Fifteenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, Customer desires to add, and CSG agrees to add, certain ***** requirements to ensure that CSG employees, subcontractors or agents assigned by CSG to provide services at any Customer office are *****.

NOW THEREFORE, Customer and CSG agree to the following upon execution of this Fifteenth Amendment:

1. The Agreement is hereby amended to add a new Section 12.22 of the Agreement, entitled “[*****],” as follows:

12.22 [*****]. The Parties agree to the [*****] set forth in Schedule Q.

2. The Agreement is hereby amended to delete and replace in its entirety Section 12.21 of the Agreement, entitled “[***** and *****],” as follows:

12.21 Schedules and Attachments. The following Schedules and Exhibits are attached and incorporated herein, and each reference herein to the “Agreement” shall be construed to include the following:

Schedule A – [*****]
Schedule B and associated Exhibits – [*****, ***** ** *****]
Schedule C and associated Exhibits – [*****]
Schedule D – [*****]
Schedule E and associated Exhibits – [*****]
Schedule F – [****]
Schedule G – [*****]
Schedule H – [*****]
Schedule I – [*****]
Schedule J – [*****]
Schedule K – [*****] and [*****]

Schedule Q – [*** *****]**

Date: Jan 26, 2022

* **** *

**** *

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THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH (*).**

**SIXTEENTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC**

THIS SIXTEENTH AMENDMENT (this “Sixteenth Amendment”) is made by and between **CSG Systems, Inc.** (“CSG”) and **Comcast Cable Communications Management, LLC** (“Customer”). The effective date of this amendment is the date last signed below (the “Sixteenth Amendment Effective Date”). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the “Agreement”) and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Sixteenth Amendment. If the terms and conditions set forth in this Sixteenth Amendment conflict with the Agreement, the terms and conditions of this Sixteenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Sixteenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Sixteenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Sixteenth Amendment. Except as amended by this Sixteenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect.

CSG and Customer agree to the following:

1. Customer desires to receive, and CSG agrees to provide, a new [**** ** for Customer’s **** and **** division ****]. Therefore, the following changes are hereby made to the Agreement:

- (a) Schedule F, “Fees” Section entitled “III. [**** ** (**** **)], subsection V. Other [**** ** ancillary service fees, subsection B. Implementation and Start-up Services” is hereby amended to add a new subsection 4, “**** ** for **** and ****” as follows:

III. [** ** (**** and ****) Services)**

Description of Item/Unit of Measure	Frequency	Fee
V. Other [**** and ****] fees		
4. [**** ** for **** and ****] (Note 24)	[****]	\$(****)

Note 24: [**** ** Services and the associated fees are set forth in that certain Statement of Work entitled “**** ** for **** ** (CSG document no. [****] (“SOW ****”) to be duly executed by both parties. For avoidance of doubt, any Fees for Implementation and Start-Up Services shall be as mutually agreed to by the Parties in an SOW under the Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Sixteenth Amendment to be executed by their duly authorized representatives.

**COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC
 (“CUSTOMER”)**

CSG SYSTEMS, INC. (“CSG”)

By: /s/ Jeur Abeln

By: /s/ Rasmani Bhattacharya

Name: Jeur Abeln

Name: Rasmani Bhattacharya

Title: SVP Procurement

Title: SVP and General Counsel

Date: 11-Feb-22

Date: Feb 4, 2022

THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH (*)**

**SEVENTEENTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC**

THIS SEVENTEENTH AMENDMENT (this “Seventeenth Amendment”) is made by and between **CSG Systems, Inc.** (“CSG”) and **Comcast Cable Communications Management, LLC** (“Customer”). The effective date of this amendment is the date last signed below (the “Seventeenth Amendment Effective Date”). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the “Agreement”) and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Seventeenth Amendment. If the terms and conditions set forth in this Seventeenth Amendment conflict with the Agreement, the terms and conditions of this Seventeenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Seventeenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Seventeenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Seventeenth Amendment. Except as amended by this Seventeenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, Customer has requested that CSG provide [*****] Services to Customer under the Agreement and CSG desires to provide such services to Customer; and

WHEREAS, the Parties desire to amend the Agreement to set forth the terms and conditions by which the [*****] Services shall be available to Customer.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSG and Customer agree to the following as of the Seventeenth Amendment Effective Date (defined below):

1. Customer desires to use and CSG agrees to provide the [***] Services as described herein, under the Agreement. Therefore, upon execution of this Amendment, the following changes are hereby made to the Agreement:**

- a) Schedule C, "Recurring Services," of the Agreement shall be amended to include the following:

[*****].....Exhibit C-25

- b) Schedule C of the Agreement, entitled “RECURRING SERVICES” is hereby amended by adding Exhibit C-25, entitled “[*****]” in the form attached hereto as Appendix A, including various Attachments attached to Exhibit C-25.

2. Customer and CSG further agree as follows:

This Seventeenth Amendment specifically applies to CSG’s performance and provision of [*****] Services to Customer under the Agreement and such Services as may be provided pursuant to Statements of Work executed on or after the Seventeenth Amendment Effective Date herein. The Parties agree that the [*****] Services shall be deemed a [*****] Service under the Agreement.

Unless otherwise expressly provided in Exhibit C-25, in no event will any terms or conditions set forth in Exhibit C-25 or fees set forth in Section VI of Schedule F apply to CSG's performance of the Agreement other than with respect to [*****] Services. Except as expressly provided in Exhibit C-25, all other terms of the Agreement which are not in conflict with the terms of Exhibit C-25, and Schedule F for the provision of [*****] Services shall be given full force and effect. In the event of a conflict between the terms of the Agreement and the terms of the [*****] Services, the terms specifically identified as being applicable to [*****] Services shall control and take precedence with respect to CSG's provision and Customer's use of the [*****] Services.

3. Further, upon execution of this Seventeenth Amendment and pursuant to the terms and conditions of the Agreement, Schedule F, "Fees," section of the Agreement entitled "[*****]" is hereby amended by adding a new Section VI, entitled "[*****]" as follows:

[*****] Services

VI. [*****] Services (Note 4)

Description of Item/Unit of Measure	Frequency	Fee
1.[*****] Fees (Note 1)		
a. Set-up	Per [*****]	Quote
2.[***** and ***** Fees (***** *)] (Note 2)		
• [*****]	Per [*****]	\$[*****]
• [*****]	Per [*****]	\$[*****]
• [*****]	Per [*****]	\$[*****]
• [*****]	Per [*****]	\$[*****]
• [*****]	Per [*****]	\$[*****]
• [*****] and greater	Per [*****]	\$[*****]
3.[***** Fees (***** *)]		
a. [**** * or **** * (excludes *****)]	Per [*****]	\$[*****]
4.[***** or *****] Fees (Note 3)		
a.[***** Processing without *****] (as needed)	Per [*****]	\$[*****]
5.[***** and ***** Fees (Note 4)		
a.[*****] Fee	[*****]	\$[*****]
b.[*****] Fee	[* *****] Block	\$[*****]
c.[**** and ***** (*** *)]	Per [*****]	\$[*****]
d.[***** (*** *)]	Per [*****]	\$[*****]
6.[*****] Fees		
a.[*****]	Per [****]	Included in [***** *****]
b.[*****] (Note 5)	Per [*****]	\$[*****]
7.[*****] Fees		
a.[*****]	[*****]	\$[*****]
8.[*****] Fees		
a.[*****/***** (CSG provided) (per ***** *)] ***** ***** time)	Per [*****]	\$[*****]
9.[*****] Fees		
a.[***** on *****] Calls	Per [****]	\$[*****]

Note 1: [*****] Fees shall be set forth in mutually agreed Statements of Work.

Note 2: Terms for [*****] Fees are as follows:

[*****] fees includes both *****

***** fees includes customized English or Spanish *****

*** ***** fees are billed with a ***** (**) ***** minimum and in *** (*) *****] increments thereafter. [*** ***** fees are for the ***** (**) ***** ***** and *****
***** ***** rates will be made available upon request
*** ***** fees exclude ***** ***** ***** ***** features
*** ***** fees include application access to *** and *****
***** *****; ***** ***** ***** ***** ***** ***** are not billed
***** ***** minutes are excluded from the volume discount tiers
The usage begins at the time the ***** is ***** and continues until the ***** in terminated by either CSG or the ***** or ***** party; a call session may
include *** (*) *** only (CSG and ***** or ***** party) or *** (*) ***** (CSG and ***** or *****] party, and CSG and Customer's live agent)

Note 3: [***** or ***** ***** fees will be assessed when ***** processes (including, by way of example, ***** are required without an *****
***** ***** (such as ***** ***** links, or ***** sent through a ***** channel, e.g., via *** or ***** Charges for the ***** themselves will be
charged as specified in the ***** pricing. In addition, ***** processing without any ***** whatsoever (e.g., business rule-driven filtering) will also incur an *****
***** *****] fee.

Note 4: CSG will invoice Customer for the [*** ***** ***** fee and the initial *** ***** or ***** ***** fee, as applicable, on or after the effective date of an
applicable Statement of Work and for any subsequent ***** ***** or ***** ***** fees, as applicable, ***** in *****].

Note 5: [***** ***** Fees will include standard archiving of ***** (**)) days.

IN WITNESS WHEREOF the parties hereto have caused this Seventeenth Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC
("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: ___/s/ Jeur Abeln_____

By: ___/s/ Rasmani Bhattacharya_____

Name: Jeur Abeln_____

Name: ___Rasmani Bhattacharya_____

Title: _SVP Procurement_____

Title: _SVP and General Counsel_____

Date: _15-Feb-2022_____

Date: _Feb 8, 2022_____

Exhibit C-25

(ii)

(iii)

* *

$$\frac{\sum_{k=0}^n \binom{n}{k} x^k y^{n-k}}{\sum_{k=0}^n \binom{n}{k} x^k y^{n-k}} = \left(\frac{x+y}{x+y} \right)^n = 1^n = 1$$

*** *****

[illegible]

- [illegible]

10. [*****

***** / *****
***** (* ***)
***** (***)

[illegible]

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**EIGHTEENTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC**

THIS EIGHTEENTH AMENDMENT (this “Eighteenth Amendment”) is made by and between **CSG Systems, Inc.** (“CSG”) and **Comcast Cable Communications Management, LLC** (“Customer”). The effective date of this amendment is the date last signed below (the “Eighteenth Amendment Effective Date”). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document no. 4131273) with an effective date of January 1, 2020 (the “Agreement”) and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Eighteenth Amendment. If the terms and conditions set forth in this Eighteenth Amendment conflict with the Agreement, the terms and conditions of this Eighteenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Eighteenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Eighteenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Eighteenth Amendment. Except as amended by this Eighteenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect.

WHEREAS, Customer and CSG, as successor in interest via merger to CSG Interactive Messaging, Inc. formerly known as Prairie Systems, Inc. (“CSG-IM” formerly “Prairie”), are parties to that certain Master Services Agreement dated [***** *], 2005 (CSG document no. [*****]), as amended by an Amendment to the Services Agreement effective [***** *], 2008 (CSG document no. [*****]) and by an Amendment to the Services Agreement effective [**** *], 2009 (CSG document no. [*****]) (collectively, the “CSG Interactive Messaging Services Agreement”); and

WHEREAS, CSG is currently providing interactive messaging services to Customer pursuant to the terms and conditions of the CSG [*****] Agreement; and

WHEREAS, Customer and CSG have entered into that certain Seventeenth Amendment to the Agreement (CSG document no. [*****]), which amends the Agreement to add CSG’s [*****] to the scope of Services provided by CSG to Customer under the Agreement; and

WHEREAS, CSG and Customer desire to transfer certain active Statements of Work and related Campaign Orders and Change Requests, as identified and described in Schedule R attached to this Eighteenth Amendment (collectively, the “[*****] Statements of Work”) from the terms and conditions of the CSG [*****] Agreement to the terms and conditions of the Agreement; and

WHEREAS, CSG and Customer desire for all [*****] services provided by CSG to Customer to be governed by the terms and conditions of the Agreement and, accordingly, to thereby terminate the CSG [*****] Agreement and any Statements of Work executed thereunder except for the [*****] Statements of Work set forth in Schedule R (collectively, the “[*****]”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSG and Customer agree to the following as of the Eighteenth Amendment Effective Date (defined below):

Transfer of [*** **] Statements of Work.** This Eighteenth Amendment sets forth the mutual understanding between the Parties with regard to the transfer of the [***** **] Statements of Work from the terms and conditions of the CSG [***** **] Agreement to the terms and conditions of the Agreement. Accordingly, Customer hereby requests and instructs CSG to transfer the [***** **] Statements of Work from the CSG [***** **] Agreement to the Agreement effective as of the [***** **] (as hereinafter defined). The "[***** **] ****" shall mean (i) the [***** **] day of the [***** **] calendar month following the Eighteenth Amendment Effective Date, if the Eighteenth Amendment Effective Date falls within the [***** **] (**) calendar days of a [***** **], or (ii) the [***** **] day of the [***** **] calendar month following the Eighteenth Amendment Effective Date, if the Eighteenth Amendment Effective Date does not fall within the [***** **] (**) calendar days of a month.

1. CSG hereby agrees (i) to accept the transfer of the [***** **] Statements of Work to the terms and conditions of the Agreement as of the [***** **] ****, and (ii) to provide CSG's [***** **] to Customer in accordance with the terms and conditions of the Agreement and the [***** **], as of the [***** **]. Within [***** **] days after the [***** **] ****, [***** **] Customer shall pay any and all outstanding amounts invoiced by CSG, except for any amounts disputed by Customer in good faith, that are due and owing under the [***** **] Agreement. The rates set forth in the Agreement for CSG's [***** **] shall take effect with respect to the [***** **] Statements of Work as of the [***** **].
2. **Termination of the CSG Interactive Messaging Services Agreement.** CSG and Customer hereby agree to terminate the [***** **] Agreement and all [***** **] Statements of Work effective as of the [***** **] ****, subject to those terms and conditions identified in Section 19.6 of the CSG [***** **] Agreement intended to survive termination. For avoidance of doubt, the [***** **] shall not be terminated as of [***** **] but shall continue in effect and shall be governed by and be subject to the terms and conditions of the Agreement as of the [***** **].
3. **The Agreement is hereby amended to delete and replace in its entirety Section 12.21, entitled "Schedules and Attachments," as follows:**

12.21 Schedules and Attachments. The following Schedules and Exhibits are attached and incorporated herein, and each reference herein to the "Agreement" shall be construed to include the following:

Schedule A – [*****]
Schedule B and associated Exhibits – [*****]
Schedule C and associated Exhibits – [*****]
Schedule D – [*****]
Schedule E and associated Exhibits – [*****]
Schedule F – [****]
Schedule G – [*****]
Schedule H – [*****]
Schedule I – [*****]
Schedule J – [*****]
Schedule K – [*****]
Schedule L – [*****]
Schedule M – [*****]
Schedule N and associated Exhibits – [*****]
Schedule O – [***** (*) (*) ***** * (***** ***** ***** *)
*****] (a)(i)
Schedule P – [*****]
Schedule Q – [*****]
Schedule R – [*****]

IN WITNESS WHEREOF the parties hereto have caused this Eighteenth Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC
(“CUSTOMER”)

CSG SYSTEMS, INC. (“CSG”)

By: /s/ Jeur Abeln

By: /s/ Rasmani Bhattacharya

Name: Jeur Abeln

Name: Rasmani Bhattacharya

Title: SVP Procurement

Title: SVP and General Counsel

Date: 22-Mar-22

Date: Mar 11, 2022

SCHEDULE R

[***** ** ***** ** *****
***** **
*** ***** ***** ***** *****]

[*** ** *].	[***** **]
[*****]	[*** ** _ ***** ***** (**** *)]
[*****]	[*** ** _ ***** ***** ***/***** (**** *)]
[*****]	[*** ** _ ***** ***** (**** *)]
[*****]	[*** ** _ ***** ***** ***** (**** *)]
[*****]	[*** ** _ ***** ***** (**** & *****)]
[*****]	[*** ** _ ***** (**** & *****)]
[*****]	[*** ** _ ***** (**** *)]
[*****]	[*** ** _ ***** ***** *****/***** ***** (**** *)]
[*****]	[*** ** _ ***** ***** (**** *)]
[*****]	[*** ** _ ***** ***** ***** (**** & *****)]
[****]	[*** ** _ ***** ***** ***** & *****]

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**NINETEENTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC**

THIS NINETEENTH AMENDMENT (this “Nineteenth Amendment”) is made by and between **CSG Systems, Inc.** (“CSG”) and **Comcast Cable Communications Management, LLC** (“Customer”). The effective date of this amendment is the date last signed below (the “Nineteenth Amendment Effective Date”). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the “Agreement”) and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Nineteenth Amendment. If the terms and conditions set forth in this Nineteenth Amendment conflict with the Agreement, the terms and conditions of this Nineteenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Nineteenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Nineteenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Nineteenth Amendment. Except as amended by this Nineteenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect.

CSG and Customer agree to the following:

1. Customer desires to receive the [*** ***** ***, and CSG agrees to provide the *** ***** *****) to Customer. Therefore, the following changes are hereby made to the Agreement:

- (a) Schedule C, “Recurring Services”, is hereby amended to add the following to the list of Recurring Services:

[*** ***** *****) Exhibit C-24

- (b) Schedule C, “Recurring Services”, is hereby amended by adding Exhibit C-24, which is attached hereto and incorporated into by reference.

- (c) Schedule F, “Fees”, Section entitled “IV. Ancillary Products and Services,” is hereby amended to add a new Subsection L, “[*** ***** *****)”, as follows:

L. [*** ***** *****)

Description of Item/Unit of Measure	Frequency	Fee
1. [*** ***** *****)		
A.[*****] Services (Note 1)	Per Request	Quote
B.[*****] Fees (Notes 2-4)		
▪Tier I: [*****]	[*****]	\$[*****]
▪Tier II: [*****]	[*****]	\$[*****]
▪Tier III: [*****]	[*****]	\$[*****]
▪Tier IV: [*****]	[*****]	\$[*****]
▪Tier V: [*****]	[*****]	\$[*****]
▪Tier VI: [*****]	[*****]	\$[*****]
▪Tier VII: [*****]	[*****]	\$[*****]

Note 1: [*****] Services and the associated fees are set forth in that certain Statement of Work entitled "[***** * (*****)]" (CSG document no. *****) ("SOW *****)") to be duly executed by both parties.

Note 2: Initially, Customer shall receive the [**** * (*****)] set up for Customer pursuant to SOW [**** * (*****)] capacity). This combination of [**** * (*****)] and [**** * (*****)] is [***** * (*****)]. CSG shall invoice and Customer agrees to pay the [**** * (*****)] Fees as set forth in subsection 1.B in the table above in support of Customer's then current [***** * (*****)] in accordance with the terms and conditions of the Agreement. Customer may, at any time during the then current [*****] Period, elect to increase the [**** * (*****)] at any time during such [***** * (*****)] upon providing CSG with [***** (*)] days advance written notice (e-mail shall suffice) prior to the [*****] such increase is desired. Upon increasing the [**** * (*****)] in accordance with Customer's written notice, CSG will [***** * (*****)] begin invoicing Customer for the [**** * (*****)] Fee applicable to Customer's then current [***** * (*****)] including the higher [**** * (*****)] and Customer shall pay for such increased [**** * (*****)] in accordance with the terms and conditions of the Agreement. Thereafter, Customer will continue to be invoiced at the fees set forth above for the [***** * (*****)] for as long as Customer receives the [****] Services, unless and until Customer requests an increase to a [***** * (*****)] at which time the process described in this Note 2 shall be repeated.

Note 3: The [*****] Period for the [****] Services will commence on the Effective Delivery Date as prescribed by SOW [****]. Customer hereby commits to a minimum [*****] Period of [***** (*)] [*****]. After the initial [***** (*)] [*****] period, the Service Period shall automatically renew for successive [***** (*)] month renewal periods unless Customer provides CSG with written notice of non-renewal (e-mail shall suffice) at least [***** (*)] prior to the end of the then current [***** (*)] [*****] renewal period of its desire to terminate the [****] Services at the end of the then current renewal period.

Note 4: Any additional fees resulting from the actual test [**** / ***] performed by Customer is not included and is the responsibility of the Customer.

IN WITNESS WHEREOF the parties hereto have caused this Nineteenth Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC
("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: /s/ Jeur Abeln

By: /s/ Rasmani Bhattacharya

Name: Jeur Abeln

Name: Rasmani Bhattacharya

Title: SVP Procurement

Title: SVP and General Counsel

Date: 31-Mar-22

Date: Mar 17, 2022

2. *****

[illegible]

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“☆☆☆☆☆☆ ☆☆☆☆☆☆” *****

*****]

a. [***** ☆ ☆☆☆☆☆☆☆☆☆☆ *****
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** *]

b. [***** ☆ ☆☆☆ *****
** ** *
*****) *]

c. [** ***** ***** *
** *****
** ***** **/**
*****]

d.[** *****

***** (*)
***** (*)
** ** *

e. [***** ☆ ☆☆☆☆. *****

***** **/**

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**CSG SYSTEMS INTERNATIONAL, INC.
EXECUTIVE SEVERANCE PLAN**

1. INTRODUCTION

1.1 Effective Date. This CSG Systems International, Inc. Executive Severance Plan (this “Plan”), is effective as of April 1, 2022.

1.2 Participating Companies. This Plan provides severance benefits for the Eligible Employees of CSG Systems International, Inc. (“CSGS”) and its subsidiaries who execute a Participation Agreement (the “Participants”). For purposes of this Plan, CSGS and its subsidiaries are referred to as the “Company.”

1.3 Purpose; Controlling Document. This document serves as the plan document. With respect to the Participants, this Plan replaces and supersedes any other severance policy or plan in which a Participant might otherwise be entitled to participate. All such other severance policies and/or plans are hereby terminated with respect to the Participants.

1.4 Definitions. Any term used with an initial capital letter is defined in Appendix A to this Plan.

2. ELIGIBILITY

1.1 General Requirements. An “Eligible Employee” is any employee who is an active, full-time employee of the Company, who has the title of Chief Executive Officer or Executive Vice President; and does not fall within one of the following categories:

(i) Employees With Written Employment or Severance Agreements – individuals who have written, individual employment or severance agreements with the Company that provide for severance pay and/or benefits (other than by reference to this Plan in a Participation Agreement).

(ii) Non-Employee Service Providers – individuals who provide services to the Company and who the Company does not classify as employees (such as independent contractors, employees of contractors, and leased employees).

(iii) Individuals on Indefinite Unpaid Leaves of Absence – individuals who are absent from work on indefinite unpaid leaves of absence, except to the extent eligibility is required by applicable law.

1.2 Participation and Participation Agreement. In order to participate in the Plan, each Eligible Employee must execute a participation agreement in a form required by the Plan Administrator in its sole discretion (“Participation Agreement”). Each Eligible Employee’s Participation Agreement will (i) acknowledge his/her understanding of the Plan provisions, (ii) where applicable, terminate or amend any employment agreement then in effect between the Participant and the Company, (iii) for an Eligible Employee of a non-U.S. subsidiary of CSGS, provide any provisions necessary to address any differences in his/her pay or benefit structures

from those of U.S. Eligible Employees, and (iv) include any other provisions determined by the Plan Administrator in its sole discretion.

1.3 Duration of Participation. Once an individual becomes a Participant in the Plan, he or she shall continue to be a Participant in the Plan until the soonest of (i) the date the Participant no longer satisfies the criteria for an Eligible Employee, (ii) the date the Participant terminates employment in a manner not entitling such Participant to payments or other benefits under the Plan, (iii) the date on which the Participant and the Company agree in writing that the individual shall no longer be a Participant in the Plan, or (iv) at any time after the 24-month anniversary of a Change in Control upon the earlier of (x) the termination of this Plan or (y) the amendment of this Plan such that Participant is no longer an Eligible Employee. For purposes of clarity, once a Participant incurs an Eligible Termination entitling the Participant to benefits under Section 4 or 5 below, such Participant shall remain entitled to such payments or benefits until they have been paid to the Participant in full.

3. ENTITLEMENT TO BENEFITS

A Participant shall be entitled to separation benefits as set forth in Section 4 or 5 below (whichever is applicable) if the Participant incurs a termination of employment from the Company that constitutes a Separation from Service and that is (i) initiated by the Company for any reason other than Cause, death, or Disability, or (ii) initiated by the Participant for Good Reason (collectively, an “Eligible Termination”). If the Participant incurs a Separation from Service for any other reason or dies while employed, the Participant shall not be entitled to any payments or benefits hereunder. An Eligible Employee who is not a Participant on his or her Termination Date shall not be entitled to any payments or benefits hereunder.

4. SEVERANCE PAY AND BENEFITS – UNRELATED TO CHANGE IN CONTROL

In the event the Participant’s Termination Date occurs prior to, or more than 18 months after, a Change in Control, and contingent upon the Participant timely executing, not revoking and complying with the terms of the Release and taking such other actions, as required by Section 6 below, the Company shall pay or provide to the Participant:

4.1 Cash Severance Pay. A cash payment equal to the sum of (i) 100% of the Participant’s Base Salary as of the Participant’s Termination Date, plus (ii) 100% of the dollar amount of the Participant’s annual performance bonus for the year in which the Participant’s Termination Date occurs (with performance deemed to be at target). Such total amount will be payable in substantially equal installments (in accordance with his or her employer’s normal payroll practices) during the 12-month period immediately following the Participant’s Termination Date; provided, that (x) such payments will commence on the first regularly scheduled payroll date that is at least 60 days following the Participant’s Termination Date, and (y) the first such payment shall include all payments that otherwise would have been paid to the Participant pursuant to this subsection between his or her Termination Date and the date payments commence.

4.2 Prorated Annual Performance Bonus. A cash payment equal to the product of (i) the dollar amount of the Participant's annual performance bonus for the year in which the Participant's Termination Date occurs (with performance deemed at target), and (ii) a fraction, the numerator of which is the number of days during the annual performance period for such bonus through and including the Participant's Termination Date, and the denominator of which is 365. Any amount payable under this section will be paid in a lump sum to the Participant on the first regularly scheduled payroll date that is at least 60 days following the Participant's Termination Date. Notwithstanding the foregoing, the Participant will not be eligible for any payment under this section unless the Participant's Termination Date is on or after June 1 of the calendar year in which his or her Termination Date occurs.

4.3 Vesting of Time-Based Restricted Stock Awards. A number of shares of the Participant's unvested time-based, restricted stock awards will vest on the Participant's Termination Date. This number is determined separately for each outstanding, unvested award of time-based restricted stock as the product of (i) the total number of the shares of time-based restricted stock granted on the applicable grant date, and (ii) a fraction, the numerator of which is the number of full completed months as of the Participant's Termination Date, which have elapsed since the grant date, and the denominator of which is the total number of months during the vesting period.

4.4 Vesting of Performance-Based Restricted Stock Awards. A number of shares of performance-based, unvested restricted stock awards (collectively, "PSAs") will remain eligible to vest after the Participant's Termination Date. The number of PSAs eligible to vest is determined separately for each outstanding, unvested award of PSAs as the product of (i) the total number of shares of PSAs granted on the applicable grant date, and (ii) a fraction, the numerator of which is the number of full completed months as of the Participant's Termination Date which have elapsed since such grant date, and the denominator of which is the total number of months during the vesting period. Any PSAs that remain eligible to vest as determined in the immediately preceding sentence will remain subject to the applicable performance criteria.

4.5 COBRA Continuation Coverage Payment. A cash amount equal to the COBRA continuation coverage premiums that would be payable by the Participant for the first 18 months of the COBRA continuation period, determined as if (i) the Participant elected COBRA continuation coverage for the Participant and the Participant's spouse and dependents, to the extent such individuals were covered under CSGS's group medical, dental and/or vision coverage as of the Participant's Termination Date, and (ii) the cost of such COBRA coverage is measured as of the Participant's Termination Date assuming such cost remains constant during such 18-month period. The cash amount will be payable to the Participant in a single lump sum on the first regularly scheduled payroll date that is at least 60 days following the Participant's Termination Date.

5. SEVERANCE PAY AND BENEFITS – IN CONNECTION WITH CHANGE IN CONTROL

In the event the Participant's Termination Date occurs within 18 months after a Change in Control, and contingent upon the Participant timely executing, not revoking and complying with the terms of the Release and taking such other actions, as required by Section 6 below, the Company shall pay or provide to the Participant the following pay and other benefits:

5.1 Cash Severance Pay. A cash payment equal to the sum of (i) 200% of the Participant's Base Salary as of the Participant's Termination Date, plus (ii) 200% of the dollar amount of the Participant's annual performance bonus for the year in which the Participant's Termination Date occurs (with performance deemed to be at target). Such total amount will be paid to the Participant on the first regularly scheduled payroll date that is at least 60 days following the Participant's Termination Date.

5.2 Prorated Annual Performance Bonus. An amount equal to the product of (i) the dollar amount of the Participant's annual performance bonus for the year in which the Participant's Termination Date occurs with performance deemed to be at target, and (ii) a fraction, the numerator of which is the number of days during the annual performance period for the bonus through and including the Participant's Termination Date, and the denominator of which is 365. Any amount payable under this section will be paid in a lump sum to the Participant on the first regularly scheduled payroll date that is at least 60 days following the Participant's Termination Date.

5.3 Vesting of Time-Based Restricted Stock Awards. All of the Participant's unvested time-based, restricted stock awards will vest on the Participant's Termination Date.

5.4 Vesting of Performance-Based Restricted Stock Awards. All of the Participant's unvested PSAs will vest on the Participant's Termination Date, with the actual number of PSAs vesting determined based on the assumptions that the Company's (and the Participant's, if applicable) performance under such awards is achieved at target; provided, however, that in the event a PSA includes a stock price performance metric, the measurement period for such stock price performance metric will be deemed to have ended on the date of the Change in Control, and that metric will be measured on that date.

5.5 COBRA Continuation Coverage Payment. A cash amount equal to the COBRA continuation coverage premiums that would be payable by the Participant for the first 18 months of the COBRA continuation period, determined as if (i) the Participant were to elect COBRA continuation coverage for the Participant and the Participant's spouse and dependents, to the extent such individuals were covered under CSGS's group medical, dental and/or vision coverage as of the Participant's Termination Date, and (ii) the cost of such COBRA coverage is measured as of the Participant's Termination Date assuming such cost remains constant during such 18-month period. The cash amount will be payable to the Participant in a single lump sum on the first regularly scheduled payroll date that is at least 60 days following the Participant's Termination Date.

5.6 Excess Parachute Payments.

(i) If any payment or benefit the Participant will or may receive from the Company or otherwise, which is received or to be received by the Participant in connection with a Change in Control or the termination of the Participant's employment (whether pursuant to the terms of this Plan or any other plan, arrangement or agreement with the Company, any person whose actions result in a Change in Control, or any person affiliated with the Company or such person) ("280G Payments") would (i) constitute a "parachute payment" within the meaning of Code Section 280G, and (ii) but for this sentence, be subject to the excise tax imposed by Code Section 4999 (the "Excise Tax"), then any such 280G Payments (a "CiC Payment") shall be equal to the Reduced Amount (as defined below).

(ii) The "Reduced Amount" shall be either (x) the largest portion of the CiC Payment that would result in no portion of the CiC Payment (after reduction) being subject to the Excise Tax, or (y) the total of the CiC Payment, whichever amount (*i.e.*, the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in the Participant's receipt, on an after-tax basis, of the greater economic benefit. If a reduction in CiC Payment is required pursuant to the clause (x) of the preceding sentence the reduction shall be made (i) first by reducing the cash payments provided pursuant to Section 5 that are exempt from Section 409A (if necessary, to zero); (ii) then, if further reductions are necessary, benefits provided under Section 5.5, then Section 5.4, then Section 5.3, which are exempt from Section 409A, shall be reduced (if necessary, to zero); (iii) then, if still further reductions are necessary, the cash payments provided pursuant to Section 6 that are not exempt from Section 409A shall be reduced (if necessary, to zero); and (iv) finally, if still further reductions are necessary, the benefits provided under Section 5.5, then Section 5.4, then Section 5.3, which are not exempt from Section 409A shall be forfeited.

(iii) For purposes of this limitation (w) no portion of the 280G Payments, the receipt or enjoyment of which the Participant will have effectively waived in writing prior to the Participant's Termination Date, will be taken into account (provided that, in no event will any such waiver impermissibly affect any portion of the 280G Payments that is subject to Section 409A); (x) no portion of the 280G Payments will be taken into account, which in the opinion of the tax counsel selected by CSGS does not constitute a "parachute payment" within the meaning of Code Section 280G(b)(2), including by reason of Code Section 280G(b)(4)(A); (y) except as provided in clause (iv) above, the payments and benefits will be reduced only to the extent necessary so that the 280G Payments (other than those referred to in clauses (w) or (x)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Code Section 280G(b)(4)(B) or are otherwise not subject to disallowance as deductions, in the opinion of the tax counsel referred to in clause (x); and (z) the value of any non-cash benefit or any deferred payment or benefit included in the 280G Payments shall be determined by CSGS's independent auditors in accordance with the principles of Code Sections 280G(d)(3) and (4).

6. CONDITIONS FOR SEVERANCE PAY AND BENEFITS.

The Participant will be eligible for severance pay and benefits under Section 4 or 5, as applicable, only if the Participant meets the conditions set forth in this Section, which shall serve, at least in part, as consideration for such severance pay and benefits.

6.1 **Release.** The Participant must sign and not revoke a written Release containing any terms specified by the Company in its sole discretion for (i) the Participant's release of the Company, its affiliates and related persons from all claims arising from the Participant's employment or termination; and (ii) to the extent required by the Company in its sole discretion, the Participant's promise to comply with specified confidentiality, noncompetition, nonsolicitation and/or other restrictive covenants. The Company may terminate the Participant's eligibility for severance pay and benefits if he or she fails to sign or comply with the terms of, the Participant's Release or if the Participant revokes his or her Release. In order to be eligible for any pay or benefits under this Plan, the Participant must sign the Release after his/her Termination Date (or execute a "bring-down" release after his/her Termination Date, if signed earlier) and within 45 days (or such longer or shorter period specified by the Plan Administrator) following the date the Company provides the Participant with a copy of the Release. No severance payments or benefits under this Plan shall be paid or provided unless and until the Release becomes effective following the revocation period. If the Participant has not executed the Release and/or the revocation period has not expired by the time any payment or benefit under this Plan is due, such payment will be forfeited and no longer due or payable.

6.2 **Board Resignation.** As a condition precedent to the payment or provision by the Company of the amounts or benefits due under Sections 4 and 5, as applicable, the Participant must tender his or her resignation from the Board, the board of directors of any of the Company's affiliates, and any committees of the Board, the other boards or the Company, upon termination of the Participant's employment with the Company.

7. SPECIAL RULES APPLICABLE TO SEVERANCE PAY AND BENEFITS

7.1 **Coordination of Severance Pay with Various Benefits.** The amount of any severance pay or benefits payable under Sections 4 or 5, as applicable, will be reduced on a dollar-for-dollar basis by any severance, separation or termination pay or benefits that the Company pays or is required to pay to the Participant through insurance or otherwise under any plan or contract of the Company or under any federal or state law, including the following:

(i) **Withholding.** The Company will withhold from severance pay any amounts required to be withheld pursuant to applicable federal, state or local law; any applicable insurance premiums; and any other amounts authorized or required by Company policy including, but not limited to, withholding for garnishments, judgments or other court orders.

(ii) **WARN Benefits.** The Worker Adjustment and Retraining Notification Act and similar state laws (collectively, "WARN") generally require employers to provide certain pay and benefits to employees in the event that required notification procedures are not followed in advance of a plant closing or mass layoff. If the Company incurs any such

liability under WARN with respect to the Participant's termination, the amount of severance pay otherwise payable to the Participant under this Plan will be reduced by the Company's legally-required payments and benefits provided to the Participant.

7.2 Clawback Rights. The Participant understands that the Company has adopted a "clawback" policy pursuant to which the Company, in certain cases, may reduce or cancel, or require the recovery of, an executive officer's annual bonus or long-term incentive compensation award, or portions thereof, if the Board determines that such bonus or award should be adjusted, cancelled or recovered because the executive officer has engaged in intentional misconduct that has led to a material restatement of the financial statements of the Company.

7.3 Death During Severance Payment Period. If the Participant dies after the Participant's Termination Date and before all of the severance pay and benefits due to the Participant are paid, all such unpaid amounts will be paid to the Participant's designated beneficiary(ies), if any. If the Participant has not designated a beneficiary, such amounts will be paid to the Participant's estate.

8. ADMINISTRATION AND GENERAL TERMS

8.1 Type of Plan. This Plan is intended to be a welfare plan under Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), covering a select group of key management or highly compensated employees (which includes all of the executive officers covered by this Plan). As such, this Plan is exempt from most of the ERISA requirements that apply to ERISA employee benefit plans.

8.2 Plan Administrator. The Compensation Committee of the Board or its designee will serve as the "Plan Administrator" and will be responsible for and will control and manage the operation of the Plan. Upon a Change in Control (and thereafter to the extent the issue in question relates to a termination of employment, which occurs on or within 18 months following the Change in Control, of the Participants immediately prior to the Change in Control), the Compensation Committee of the Board of Directors of CSGS, as constituted immediately before the Change in Control, with such changes in the membership thereof as may be approved from time to time following the Change in Control by a majority of such Compensation Committee as constituted immediately before the Change in Control, will be the Plan Administrator. No party will have the right to appoint members to, or to remove members from, such Compensation Committee following, or otherwise in connection with, the Change in Control. All reasonable expenses of such Compensation Committee will be paid or reimbursed by CSGS. CSGS hereby agrees to indemnify members of such Compensation Committee against personal liability for actions taken in good faith in the discharge of their duties as a member of such Compensation Committee and will provide coverage to them under CSCG's liability insurance programs for directors and officers. Following the Change in Control, the members of such Compensation Committee will be entitled to compensation in respect of their service on such committee at the rate determined by the Board prior to the Change in Control; provided, if the Board does not set any such compensation, the Compensation Committee members' compensation will be equal to the amount they received as Board members immediately before the Change in Control.

8.3 Plan Interpretation. The Plan Administrator has the exclusive authority and sole discretion to interpret this Plan with respect to any question arising under this Plan, including eligibility for benefits and the amount, term and duration of benefits. The interpretations, decisions and determinations of the Plan Administrator are conclusive and binding on the Company and all of its employees, including the applicable Eligible Employees.

8.4 Rights. This Plan does not create any vested rights in any individual. In addition, this Plan does not affect the right of the Company to conduct its business affairs, including laying off or terminating the employment of any employee.

1.5 Code Section 409A.

(i) **General.** The Company intends that some or all of the severance pay and pay described above will be exempt from Code Section 409A under the short-term deferral exemption and/or the separation pay exemption to the full extent available under Code Section 409A, and such provisions will be interpreted accordingly. In no event will payment of any amount of severance pay that is exempt under the separation pay exemption be made after the last day of the second calendar year beginning after the date of the Participant's Separation from Service. Notwithstanding the foregoing, to the extent that such exemptions do not apply to some or all severance pay, the Plan is intended to satisfy the requirements of Code Section 409A and will be interpreted accordingly. Each payment hereunder will be considered a separate payment for purposes of Code Section 409A. Notwithstanding the foregoing, neither CSGS nor any of its affiliates will be liable to the Participant or any other person if the Internal Revenue Service or any court determines for any reason that any payments under the Plan are subject to taxes or penalties under Code Section 409A.

(ii) **6-Month Delay in Certain Cases.** Notwithstanding anything in Section 4 or 5 to the contrary, to the extent (i) any payments made under the Plan, which are payable within the first 6 months following the Participant's date of Separation from Service, are not exempt from Code Section 409A, and (ii) the Participant is a specified employee (within the meaning of Code Section 409A) on the date of the Participant's Separation from Service, then the non-exempt payments that would have been paid within such 6-month period will be delayed, accumulated without interest, and paid in a lump sum on the applicable pay date that coincides with or immediately follows the 6-month anniversary of the date of the Participant's Separation from Service.

8.5 Amendment or Termination. The Board may amend or terminate this Plan for any reason prior to a Change in Control; provided, however, that no such amendment or termination may adversely affect the rights of any the Participant in the Plan in any material way unless the Plan Administrator secures such the Participant's written consent. Notwithstanding the foregoing, the Board may amend or terminate this Plan in any way after the end of the 24-month period commencing on the date of a Change in Control.

9. SUPPLEMENTAL INFORMATION

9.1 Claims Procedures.

- (i) **Claims.** If the Participant does not receive severance pay or if the Participant disagrees with the amount or length of payments, the Participant may file a claim in writing with the Plan Administrator. A response to the Participant's claim will be provided to the Participant within 90 days (180 days if the Participant is notified of an extension). If the Participant's claim is denied, the Plan Administrator will provide written notice to the Participant setting forth the specific reasons for denial and the provisions in this Plan or other documents used to arrive at the decision.
- (ii) **Appeals.** The Participant may appeal any denial of benefits, and the Participant may review pertinent Plan documents to help the Participant prepare for the appeal. The Participant's appeal must be filed with the Plan Administrator in writing within 60 days after the Participant receive written notice of denial of the Participant's claim. The Plan Administrator then will consider the Participant's appeal and will notify the Participant of its decision within 60 days (120 days if the Participant are notified of an extension) after the filing of the Participant's appeal for review. If the Plan Administrator's decision is unfavorable, the notification the Participant receive will explain the reasons for the denial and the provisions in this Plan or other documents used to arrive at the decision. Only after exhausting the claims and appeals processes may the Participant file suit in federal court.

9.2 Governing Law. This Agreement shall be interpreted, construed and governed according to the laws of the State of Colorado to the extent not preempted by ERISA or other federal law. Any legal action brought in regard to this Plan shall be brought in the United States District Court of Colorado, and the Company and the Participant waive jurisdiction and venue in any other court.

9.3 Headings. Headings contained in this Plan are for convenience only and shall in no manner be construed as part of this Plan.

Date

CSG SYSTEMS INTERNATIONAL, INC.

By: _____

Title: Chief People and Places Officer

APPENDIX A
DEFINITIONS

When capitalized in the Plan, the following words will have the meanings set forth below. All section references below refer to sections of the Plan document (and not this Appendix A).

1. **“Base Salary”** means the Participant’s annual base salary at the rate in effect on the Participant’s Termination Date; provided, if the Participant’s employment terminates due to Good Reason based on a reduction in the Participant’s base pay, the Participant’s annual base salary will be determined as the rate in effect immediately before such reduction.
2. **“Board”** means the Board of Directors of CSGS.
3. **“Cause”** means that one or more the following have occurred: (i) the Participant’s willful and deliberate failure of Employee to substantially perform his executive and management duties hereunder to the detriment of the Company for reasons other than Employee’s sickness, injury or disability; (ii) the Participant’s willful and deliberate misconduct, which is a material violation of the Company’s written policies and/or results in substantial injury or damage (whether reputational, financial or otherwise) to the Company; (iii) the Participant’s conviction of, or plea of guilty or nolo contendere to, a felony; (iv) the Participant’s breach of any restrictive covenant agreement with the Company, including but not limited to, confidentiality noncompete, nonsolicitation and/or nondisclosure covenants; and (v) the Participant’s certification of materially inaccurate financial or other information pertaining to the Company with actual knowledge of such inaccuracies on the Participant’s part. In no event will the results of operations of the Company or any of the Participant’s business judgment made in good faith constitute an independent basis for terminating the Participant’s employment for Cause.
4. **“Change in Control”** means a change in ownership or effective control of CSGS or a change in the ownership of a substantial portion of the assets of CSGS, all within the meaning of Code Section 409A. As a general overview, Code Section 409A’s definition of these terms, and the dates as of which they occur, are as follows:
 - a. The date any one person, or more than one person acting as a group, acquires ownership of stock of CSGS that, together with stock held by such person or group constitutes more than 50% of the total voting power of the stock of CSGS. However, if any one person, or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of CSGS, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of CSGS or to cause a change in the effective control of CSGS.
 - b. The date any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition

by such person or persons) ownership of stock of CSGS possessing 50% or more of the total voting power of the stock of CSGS.

- c. The date that any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from CSGS that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of CSGS immediately before such acquisition or acquisitions.
 - d. The date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election.
5. **“Chief Executive Officer”** means the Chief Executive Officer of CSGS.
6. **“CiC Payment”** has the meaning given to such term in Section 5.6.
7. **“COBRA”** means group medical, dental and vision continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.
8. **“Code”** means the Internal Revenue Code of 1986, as amended.
9. **“Company”** is defined in Section 1.2.
10. **“CSGS”** means CSG Systems International, Inc., the sponsor of this Plan.
11. **“Eligible Employee”** is defined in Section 2.1.
12. **“Eligible Termination”** is defined in Section 3.
13. **“ERISA”** is defined in Section 8.1.
14. **“Excise Tax”** is defined in Section 5.6.
15. **“Good Reason”** means, the termination by the Participant of the Participant’s employment with the Company upon the occurrence of any one or more of the following events to the extent that there is, or would be if not corrected, a material negative change in the Participant’s employment relationship with the company:
- a. The Company’s material reduction in the Participant’s Base Salary and/or bonus compensation;
 - b. The Company’s significant diminution of the Participant’s authority, duties and responsibilities;
 - c. Following a Change in Control, the assignment to the Participant of duties significantly inconsistent with, or different from, the Participant’s duties and responsibilities existing at the time of the Change in Control;

- d. The Company's material diminution in the authority, duties or responsibilities of the supervisor to whom the Participant are required to report (including, if the Participant were reporting directly to the Board, a requirement that the Participant report to a corporate officer or employee rather than reporting directly to the Board);
- e. The Company's material diminution in the budget over which the Participant retain authority; or
- f. The relocation of the Participant's office to any place beyond 50 miles from the Participant's current office.

To have "Good Reason", the Participant must give the Company notice of any event or condition that would constitute a basis for "Good Reason" within 90 days of the event or condition that would constitute a basis for "Good Reason;" and, upon the receipt of such notice, the Company will have 30 days to remedy such event or condition. If such event or condition is not remedied within such 30-day period, any termination of employment by the Participant for "Good Reason" must occur within 30 days after the period for remedying such condition or event has expired.

- 16. **"Participant"** is defined in Section 1.2.
- 17. **"Participation Agreement"** is defined in Section 2.2.
- 18. **"Plan"** means this CSG Systems International, Inc. Executive Severance Plan.
- 19. **"Plan Administrator"** means the person specified in Section 8.2.
- 20. **"PSAs"** is defined in Section 4.4.
- 21. **"Release"** is defined in Section 6.1.
- 22. **"Separation from Service"** means that a Participant separates from service with an entity that is part of the Company and all of the entity's affiliates that are related by 50% or more ownership, as defined in Code Section 409A. As a general overview of Code Section 409A's definition of "separation from service," an employee separates from service if the employee has a termination of employment (other than due to death) with all affiliates, determined in accordance with the following:
 - a. **Leaves of Absence.** The employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed 6 months, or, if longer, so long as the Participant retains a right to reemployment with an affiliate under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only while there is a reasonable expectation that the Participant will return to perform services for an affiliate. If the period of leave exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such 6-month period. Notwithstanding the foregoing, where a leave of

absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes the Participant to be unable to perform the duties of his or his position of employment or any substantially similar position of employment, a 29-month period of absence shall be substituted for such 6-month period.

- b. **Status Change.** Generally, if a Participant performs services both as a Participant and an independent contractor, the Participant must separate from service both as an employee and as an independent contractor pursuant to standards set forth in Treasury Regulations to be treated as having a separation from service. However, if an Eligible Employee provides services to affiliates as an employee and as a member of the Board, the services provided as a director are not taken into account in determining whether the Participant has a separation from service as an employee for purposes of this Agreement.
- c. **Termination of Employment.** Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the employer and the Participant reasonably anticipate that (A) no further services will be performed after a certain date, or (B) the level of bona fide services the Participant will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to 20% or less of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period. Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Participant continues to be treated as an employee for other purposes (such as continuation of salary and participation in employee benefit programs), whether similarly-situated service providers have been treated consistently, and whether the Participant is permitted, and realistically available, to perform services for other service recipients in the same line of business. For periods during which a Participant is on a paid bona fide leave of absence and has not otherwise terminated employment as described in subsection (i) above, for purposes of this subsection, the Participant is treated as providing bona fide services at a level equal to the level of services that the Participant would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which a Participant is on an unpaid bona fide leave of absence and has not otherwise terminated employment are disregarded for purposes of this subsection (including for purposes of determining the applicable 36-month period).

23. “**Termination Date**” means the date of a Participant’s Eligible Termination.

24. “**280G Payments**” has the meaning given to such term in Section 5.6.

25. “**WARN**” has the meaning given to such term in Section 7.1(ii).

**CSG SYSTEMS INTERNATIONAL, INC.
EXECUTIVE SEVERANCE PLAN**

Participation Agreement

This Participation Agreement (this “Agreement”) is made and entered on the 1st day of April, 2022, (the “Effective Date”), by and between CSG Systems International, Inc. (“CSGS”) and Brian A. Shepherd, President and Chief Executive Officer of CSGS (“Executive”).

Background

- A. CSGS and Executive entered into an employment agreement, dated August 26, 2020, (the “Employment Agreement”).
- B. The Employment Agreement provides the terms of Executive’s employment with CSGS, including the severance pay and benefits to be provided upon Executive’s termination of employment under specified circumstances.
- C. Effective April 1, 2022, CSGS adopted and now maintains the CSG Systems International, Inc. Executive Severance Plan, a copy of which is attached hereto as Exhibit A (the “Plan”).
- D. Executive would be within the class of executives eligible for the Plan, except that the Plan excludes from eligibility any otherwise eligible executive with an employment agreement that provides for severance pay and benefits.
- E. CSGS has offered Executive the right to become a participant in the Plan if Executive agrees to terminate the Employment Agreement, and Executive wishes to accept such offer.
- F. The parties are entering into this Agreement to (i) terminate the Employment Agreement, (ii) to provide the terms pursuant to which Executive will participate in the Plan, and (iii) to provide death and disability benefits that would have been available to Executive if the Employment Agreement had not been terminated.

Statement of Agreement

For and in consideration of the promises made in this Agreement and for other good and valuable consideration, the parties hereto agree as follows:

- 1. **Definitions.** Unless otherwise specified in this Agreement, any term used with an initial capital letter shall have the meaning given to such term in the Plan.
 - 2. **Termination of Employment Agreement.** As of the Effective Date, the Employment Agreement hereby is terminated in its entirety and shall no longer have any force or effect.
 - 3. **Employment-At-Will.** Executive shall remain an employee-at-will of CSGS.
 - 4. **Participation in the Plan.** Executive acknowledges the terms of the Plan, including (i) the severance pay and benefits provided thereunder, (ii) the conditions upon which such
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severance pay and benefits will be paid and provided, (iii) the conditions that Executive must satisfy to receive severance pay and benefits thereunder, and (iv) that the Plan provides the sole source of pay and benefits in connection with an Eligible Termination.

5. **Application of Terms of the Plan.** Executive agrees that, by entering into this Agreement, Executive will become a Participant in the Plan eligible to receive severance pay and benefits on, and upon satisfaction of, the terms and conditions set forth in the Plan; provided, the terms set forth below shall apply to Executive notwithstanding, or in addition to, the terms of the Plan:

a. ***Amount of Cash Severance Pay Following a Change in Control.*** In lieu of 200% of base salary and 200% of annual performance bonus provided in Section 5.1 of the Plan for an Eligible Termination occurring within 18 months after a Change in Control, to match the amount payable in this situation under the Employment Agreement, an amount equal to 300% of base salary and 300% of annual performance bonus will be payable to Executive for an Eligible Termination occurring within 18 months after a Change in Control.

b. ***Form of Payment For an Eligible Termination Occurring in 2022 Following a Change in Control.*** If Executive incurs an Eligible Termination between the Effective Date and December 31, 2022, inclusive, following a change in control (as defined in the Employment Agreement), the amount payable under Section 5.1 of the Plan will be payable at the same time and in the same form as set forth in Section 4.1 of the Plan, unless the change in control also qualifies as a Change in Control for purposes of Code Section 409A in which case the payment terms of Section 5.1 of the Plan will control.

6. **Death Benefits.** If Executive's employment with the Company terminates due to his death, CSGS will provide to his beneficiary(ies) (as described in Section 7.3 of the Plan) the following pay and benefits:

a. ***Unpaid Base Salary.*** The amount of base salary that, as of the date his employment terminates, was earned but unpaid ("Unpaid Base Salary"). CSGS will pay this amount within 14 days after the date of Executive's death;

b. ***Prorated Annual Performance Bonus.*** A cash payment equal to the product of (i) the dollar amount of Executive's annual performance bonus for the year in which Executive's death occurs (with performance deemed at target), and (ii) a fraction, the numerator of which is the number of days during the annual performance period for such bonus through and including the date of Executive's death, and the denominator of which is 365 ("Prorated Bonus"). This amount will be paid in a lump sum no later than the end of the calendar year following the calendar year in which Executive dies; and

c. **Other Earned but Unpaid Amounts.** Any other amounts earned, accrued or owed to Executive by CSGS or under any employee benefit plan of the Company, to the extent not paid as of the date Executive dies (“Other Benefits”). Each of such amounts will be paid at the same time it is due under the program creating it.

7. **Disability Benefits.** If CSGS terminates Executive’s employment with the Company on account of his disability (as defined below) such that he has a Separation from Service, CSGS will provide to him the following pay and benefits:

a. **Unpaid Base Salary.** His Unpaid Base Salary within 14 days after the date the Company terminates Executive’s employment (“Disability Termination Date”);

b. **Prorated Annual Performance Bonus.** His Prorated Bonus on the first regularly scheduled payroll date that is at least 60 days following Executive’s Disability Termination Date;

c. **Other Earned but Unpaid Amounts.** Each of his Other Benefits at the same time it is due under the program creating it; and

d. **COBRA Continuation Coverage Payment.** A cash amount equal to the COBRA continuation coverage premiums that would be payable by Executive for the first 18 months of the COBRA continuation period, determined as if (i) Executive elected COBRA continuation coverage for Executive and Executive’s spouse and dependents, to the extent such individuals were covered under CSGS’s group medical, dental and/or vision coverage as of Executive’s Disability Termination Date, and (ii) the cost of such COBRA coverage is measured as of Executive’s Disability Termination Date assuming such cost remains constant during such 18-month period. The cash amount will be payable to Executive in a single lump sum on the first regularly scheduled payroll date that is at least 60 days following Executive’s Disability Termination Date.

For purposes hereof, “disability” means Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing his duties and responsibilities for the Company, with or without a reasonable accommodation, for (i) a continuous period of 6 months or more, or (ii) 180 days in the aggregate (whether or not consecutive) during any 12-month period.

IN WITNESS WHEREOF, the CSGS has caused its duly authorized officer to execute this Agreement, and the Executive has executed this Agreement, on the dates set forth below.

Executive

Brian A. Shepherd

Date

CSG Systems International, Inc.

By: _____

Name: Patricia Elias

Title: Chief People and Places Officer

Date:

**CSG SYSTEMS INTERNATIONAL, INC.
EXECUTIVE SEVERANCE PLAN**

Participation Agreement

This Participation Agreement (this “Agreement”) is made and entered on the 1st day of April, 2022, (the “Effective Date”), by and between CSG Systems International, Inc. (“CSGS”) and Kenneth Michael Kennedy, Chief Operating Officer and President – Revenue Management and Digital Monetization of CSGS (“Executive”).

Background

- A. CSGS and Executive entered into an employment agreement, dated March 1, 2016, as amended (the “Employment Agreement”).
- B. The Employment Agreement provides the terms of Executive’s employment with CSGS, including the severance pay and benefits to be provided upon Executive’s termination of employment under specified circumstances.
- C. Effective April 1, 2022, CSGS adopted and now maintains the CSG Systems International, Inc. Executive Severance Plan, a copy of which is attached hereto as Exhibit A (the “Plan”).
- D. Executive would be within the class of executives eligible for the Plan, except that the Plan excludes from eligibility any otherwise eligible executive with an employment agreement that provides for severance pay and benefits.
- E. CSGS has offered Executive the right to become a participant in the Plan if Executive agrees to terminate the Employment Agreement, and Executive wishes to accept such offer.
- F. The parties are entering into this Agreement to (i) terminate the Employment Agreement, (ii) to provide the terms pursuant to which Executive will participate in the Plan, and (iii) to provide death and disability benefits that would have been available to Executive if the Employment Agreement had not been terminated.

Statement of Agreement

For and in consideration of the promises made in this Agreement and for other good and valuable consideration, the parties hereto agree as follows:

- 1. **Definitions.** Unless otherwise specified in this Agreement, any term used with an initial capital letter shall have the meaning given to such term in the Plan.
 - 2. **Termination of Employment Agreement.** As of the Effective Date, the Employment Agreement hereby is terminated in its entirety and shall no longer have any force or effect.
 - 3. **Employment-At-Will.** Executive shall remain an employee-at-will of CSGS.
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4. **Participation in the Plan.** Executive acknowledges the terms of the Plan, including (i) the severance pay and benefits provided thereunder, (ii) the conditions upon which such severance pay and benefits will be paid and provided, (iii) the conditions that Executive must satisfy to receive severance pay and benefits thereunder, and (iv) that the Plan provides the sole source of pay and benefits in connection with an Eligible Termination.
5. **Application of Terms of the Plan.** Executive agrees that, by entering into this Agreement, Executive will become a Participant in the Plan eligible to receive severance pay and benefits on, and upon satisfaction of, the terms and conditions set forth in the Plan; provided, the terms set forth below shall apply to Executive notwithstanding, or in addition to, the terms of the Plan:
 - a. **Amount of Cash Severance Pay Following a Change in Control.** In lieu of 200% of base salary and 200% of annual performance bonus provided in Section 5.1 of the Plan for an Eligible Termination occurring within 18 months after a Change in Control, to match the amount payable in this situation under the Employment Agreement, an amount equal to 300% of base salary and 300% of annual performance bonus will be payable to Executive for an Eligible Termination occurring within 18 months after a Change in Control.
 - b. **Form of Payment For an Eligible Termination Occurring in 2022 Following a Change in Control.** If Executive incurs an Eligible Termination between the Effective Date and December 31, 2022, inclusive, following a change in control (as defined in the Employment Agreement), the amount payable under Section 5.1 of the Plan will be payable at the same time and in the same form as set forth in Section 4.1 of the Plan, unless the change in control also qualifies as a Change in Control for purposes of Code Section 409A in which case the payment terms of Section 5.1 of the Plan will control.
6. **Death Benefits.** If Executive's employment with the Company terminates due to his death, CSGS will provide to his beneficiary(ies) (as described in Section 7.3 of the Plan) the following pay and benefits:
 - a. **Unpaid Base Salary.** The amount of base salary that, as of the date his employment terminates, was earned but unpaid ("Unpaid Base Salary"). CSGS will pay this amount within 14 days after the date of Executive's death;
 - b. **Prorated Annual Performance Bonus.** A cash payment equal to the product of (i) the dollar amount of Executive's annual performance bonus for the year in which Executive's death occurs (with performance deemed at target), and (ii) a fraction, the numerator of which is the number of days during the annual performance period for such bonus through and including the date of Executive's death, and the denominator of which is 365 ("Prorated Bonus"). This amount will be paid in a lump sum no later than the end of the calendar year following the calendar year in which Executive dies; and

c. **Other Earned but Unpaid Amounts.** Any other amounts earned, accrued or owed to Executive by CSGS or under any employee benefit plan of the Company, to the extent not paid as of the date Executive dies (“Other Benefits”). Each of such amounts will be paid at the same time it is due under the program creating it.

7. **Disability Benefits.** If CSGS terminates Executive’s employment with the Company on account of his disability (as defined below) such that he has a Separation from Service, CSGS will provide to him the following pay and benefits:

a. **Unpaid Base Salary.** His Unpaid Base Salary within 14 days after the date the Company terminates Executive’s employment (“Disability Termination Date”);

b. **Prorated Annual Performance Bonus.** His Prorated Bonus on the first regularly scheduled payroll date that is at least 60 days following Executive’s Disability Termination Date;

c. **Other Earned but Unpaid Amounts.** Each of his Other Benefits at the same time it is due under the program creating it; and

d. **COBRA Continuation Coverage Payment.** A cash amount equal to the COBRA continuation coverage premiums that would be payable by Executive for the first 18 months of the COBRA continuation period, determined as if (i) Executive elected COBRA continuation coverage for Executive and Executive’s spouse and dependents, to the extent such individuals were covered under CSGS’s group medical, dental and/or vision coverage as of Executive’s Disability Termination Date, and (ii) the cost of such COBRA coverage is measured as of Executive’s Disability Termination Date assuming such cost remains constant during such 18-month period. The cash amount will be payable to Executive in a single lump sum on the first regularly scheduled payroll date that is at least 60 days following Executive’s Disability Termination Date.

For purposes hereof, “disability” means Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing his duties and responsibilities for the Company, with or without a reasonable accommodation, for (i) a continuous period of 6 months or more, or (ii) 180 days in the aggregate (whether or not consecutive) during any 12-month period.

IN WITNESS WHEREOF, the CSGS has caused its duly authorized officer to execute this Agreement, and the Executive has executed this Agreement, on the dates set forth below.

Executive

Kenneth Michael Kennedy

Date

CSG Systems International, Inc.

By: _____

Name: Patricia Elias

Title: Chief People and Places Officer

Date:

**CSG SYSTEMS INTERNATIONAL, INC.
EXECUTIVE SEVERANCE PLAN**

Participation Agreement

This Participation Agreement (this “Agreement”) is made and entered on the 1st day of April, 2022, (the “Effective Date”), by and between CSG Systems International, Inc. (“CSGS”) and Elizabeth A. Bauer, Executive Vice President and Chief Marketing and Customer Officer of CSGS (“Executive”).

Background

- A. CSGS and Executive entered into an employment agreement, dated May 20, 2021, as amended (the “Employment Agreement”).
- B. The Employment Agreement provides the terms of Executive’s employment with CSGS, including the severance pay and benefits to be provided upon Executive’s termination of employment under specified circumstances.
- C. Effective April 1, 2022, CSGS adopted and now maintains the CSG Systems International, Inc. Executive Severance Plan, a copy of which is attached hereto as Exhibit A (the “Plan”).
- D. Executive would be within the class of executives eligible for the Plan, except that the Plan excludes from eligibility any otherwise eligible executive with an employment agreement that provides for severance pay and benefits.
- E. CSGS has offered Executive the right to become a participant in the Plan if Executive agrees to terminate the Employment Agreement, and Executive wishes to accept such offer.
- F. The parties are entering into this Agreement to (i) terminate the Employment Agreement, (ii) to provide the terms pursuant to which Executive will participate in the Plan, and (iii) to provide death and disability benefits that would have been available to Executive if the Employment Agreement had not been terminated.

Statement of Agreement

For and in consideration of the promises made in this Agreement and for other good and valuable consideration, the parties hereto agree as follows:

- 1. Definitions.** Unless otherwise specified in this Agreement, any term used with an initial capital letter shall have the meaning given to such term in the Plan.
 - 2. Termination of Employment Agreement.** As of the Effective Date, the Employment Agreement hereby is terminated in its entirety and shall no longer have any force or effect.
 - 3. Employment-At-Will.** Executive shall remain an employee-at-will of CSGS.
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4. **Participation in the Plan.** Executive acknowledges the terms of the Plan, including (i) the severance pay and benefits provided thereunder, (ii) the conditions upon which such severance pay and benefits will be paid and provided, (iii) the conditions that Executive must satisfy to receive severance pay and benefits thereunder, and (iv) that the Plan provides the sole source of pay and benefits in connection with an Eligible Termination.
5. **Application of Terms of the Plan.** Executive agrees that, by entering into this Agreement, Executive will become a Participant in the Plan eligible to receive severance pay and benefits on, and upon satisfaction of, the terms and conditions set forth in the Plan; provided, the terms set forth below shall apply to Executive notwithstanding, or in addition to, the terms of the Plan:
- a. ***Amount of Cash Severance Pay Following a Change in Control.*** In lieu of 200% of base salary and 200% of annual performance bonus provided in Section 5.1 of the Plan for an Eligible Termination occurring within 18 months after a Change in Control, to match the amount payable in this situation under the Employment Agreement, an amount equal to 300% of base salary and 300% of annual performance bonus will be payable to Executive for an Eligible Termination occurring within 18 months after a Change in Control.
- b. ***Form of Payment For an Eligible Termination Occurring in 2022 Following a Change in Control.*** If Executive incurs an Eligible Termination between the Effective Date and December 31, 2022, inclusive, following a change in control (as defined in the Employment Agreement), the amount payable under Section 5.1 of the Plan will be payable at the same time and in the same form as set forth in Section 4.1 of the Plan, unless the change in control also qualifies as a Change in Control for purposes of Code Section 409A in which case the payment terms of Section 5.1 of the Plan will control.
6. **Death Benefits.** If Executive's employment with the Company terminates due to her death, CSGS will provide to her beneficiary(ies) (as described in Section 7.3 of the Plan) the following pay and benefits:
- a. ***Unpaid Base Salary.*** The amount of base salary that, as of the date her employment terminates, was earned but unpaid ("Unpaid Base Salary"). CSGS will pay this amount within 14 days after the date of Executive's death;
- b. ***Prorated Annual Performance Bonus.*** A cash payment equal to the product of (i) the dollar amount of Executive's annual performance bonus for the year in which Executive's death occurs (with performance deemed at target), and (ii) a fraction, the numerator of which is the number of days during the annual performance period for such bonus through and including the date of Executive's death, and the denominator of which is 365 ("Prorated Bonus"). This amount will be paid in a lump sum no later than the end of the calendar year following the calendar year in which Executive dies; and
- c. ***Other Earned but Unpaid Amounts.*** Any other amounts earned, accrued or owed to Executive by CSGS or under any employee benefit plan of the Company, to the

extent not paid as of the date Executive dies ("Other Benefits"). Each of such amounts will be paid at the same time it is due under the program creating it.

7. **Disability Benefits.** If CSGS terminates Executive's employment with the Company on account of his disability (as defined below) such that she has a Separation from Service, CSGS will provide to her the following pay and benefits:

- a. **Unpaid Base Salary.** Her Unpaid Base Salary within 14 days after the date the Company terminates Executive's employment ("Disability Termination Date");
- b. **Prorated Annual Performance Bonus.** Her Prorated Bonus on the first regularly scheduled payroll date that is at least 60 days following Executive's Disability Termination Date;
- c. **Other Earned but Unpaid Amounts.** Each of her Other Benefits at the same time it is due under the program creating it; and
- d. **COBRA Continuation Coverage Payment.** A cash amount equal to the COBRA continuation coverage premiums that would be payable by Executive for the first 18 months of the COBRA continuation period, determined as if (i) Executive elected COBRA continuation coverage for Executive and Executive's spouse and dependents, to the extent such individuals were covered under CSGS's group medical, dental and/or vision coverage as of Executive's Disability Termination Date, and (ii) the cost of such COBRA coverage is measured as of Executive's Disability Termination Date assuming such cost remains constant during such 18-month period. The cash amount will be payable to Executive in a single lump sum on the first regularly scheduled payroll date that is at least 60 days following Executive's Disability Termination Date.

For purposes hereof, "disability" means Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing her duties and responsibilities for the Company, with or without a reasonable accommodation, for (i) a continuous period of 6 months or more, or (ii) 180 days in the aggregate (whether or not consecutive) during any 12-month period.

IN WITNESS WHEREOF, the CSGS has caused its duly authorized officer to execute this Agreement, and the Executive has executed this Agreement, on the dates set forth below.

Executive

Elizabeth A. Bauer

Date

CSG Systems International, Inc.

By: _____

Name: Patricia Elias

Title: Chief People and Places Officer

Date: _____

This exhibit contains forms of agreements used by the company to grant time-based restricted stock awards to its executive officers under the company's 2005 Stock Incentive Plan. Readers should note that these are forms of agreement only and particular agreements with executive officers and directors may contain terms that differ but not in material respects.

**CSG SYSTEMS INTERNATIONAL, INC.
AMENDED AND RESTATED 2005 STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

Name of Grantee (the "Grantee):

Date of Restricted Stock Award (the "Award Date"):

Number of Shares Covered by Restricted Stock Award (the "Award Shares"):

This Restricted Stock Award Agreement (this "Agreement") is entered into as of the Date of Restricted Stock Award set forth above (the "Award Date") by and between CSG SYSTEMS INTERNATIONAL, INC., a Delaware corporation (the "Company"), and the Grantee named above (the "Grantee").

* * *

WHEREAS, the Company has adopted an Amended and Restated 2005 Stock Incentive Plan (the "Plan"); and

WHEREAS, pursuant to the Plan, as of the Award Date the Company granted to Grantee a Restricted Stock Award (the "Award") covering the number of shares of the Common Stock of the Company (the "Common Stock") set forth above (the "Award Shares") and is executing this Agreement with Grantee for the purpose of setting forth the terms and conditions of the Award;

NOW, THEREFORE, in consideration of the premises and the covenants and conditions contained herein, the Company and Grantee agree as follows:

1. Award of Restricted Shares.

- (a) The Company hereby confirms the grant of the Award to Grantee as of the Award Date. The Award is subject to all of the terms and conditions of this Agreement.
- (b) Promptly after the execution of this Agreement, the Company will cause the transfer agent for the Common Stock (the "Transfer Agent") to (i) either establish a separate account in its records in the name of Grantee (the "Restricted Stock Account") and credit the Award Shares to the Restricted Stock Account as of the Award Date or credit the Award Shares to a previously existing Restricted Stock Account of Grantee as of the Award Date and confirm such actions to Grantee in writing.

2. Vesting of Award Shares.

- (a) XXXXX (XX%) of the Award Shares (rounded to the nearest whole number automatically will vest in Grantee on each of the first XXXXX (X) anniversaries of the Award Date (each such anniversary being referred to in this Agreement as a "Vesting Date"); provided, however, that no Award Shares shall vest in Grantee on a particular Vesting Date unless
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Grantee has been continuously employed by the Company from the Award Date until such Vesting Date.

- (b) Upon the termination of Grantee's employment with the Company or a Subsidiary by reason of Grantee's death, all of the Award Shares that have not previously vested under Section 2(a) or been forfeited under Section 3 will immediately vest on the date of Grantee's death.
- (c) In determining the existence of continuous employment of Grantee by the Company or the existence of an employer-employee relationship between Grantee and the Company for purposes of this Agreement, the term "Company" shall include a Subsidiary (as defined in the Plan); and neither a transfer of Grantee from the employ of the Company to the employ of a Subsidiary nor the transfer of Grantee from the employ of a Subsidiary to the employ of the Company or another Subsidiary shall be deemed to be a Termination of Employment of Grantee.
- (d) After Grantee has become vested in any of the Award Shares and, if applicable, after the cancellation of certain of the Award Shares as provided for in Section 12(b) has occurred, the Company will instruct the Transfer Agent to remove all restrictions on the transfer, assignment, pledge, encumbrance, or other disposition of the then remaining vested Award Shares in the Restricted Stock Account. Grantee thereafter may dispose of such remaining vested Award Shares in Grantee's sole discretion, subject to compliance with securities and other applicable laws and Company policies with respect to dispositions of Company stock, and may request the Transfer Agent to issue a certificate for such remaining vested Award Shares in Grantee's name free of any restrictions. In the event of Grantee's death, the Company will instruct the Transfer Agent to transfer the Award Shares that become vested upon Grantee's death to Grantee's estate as soon as administratively practicable following Grantee's death.

3. Cancellation of Unvested Award Shares.

Subject to the provisions of any then existing employment agreement between the Company and Grantee or any severance plan in which Grantee is a participant, upon a Termination of Employment of Grantee for any reason other than the death of Grantee, all of the rights and interests of Grantee in any of the Award Shares which have not vested in Grantee pursuant to Section 2 prior to such Termination of Employment of Grantee automatically shall completely and forever terminate; and, at the direction of the Company, the Transfer Agent shall remove from the Restricted Stock Account and cancel all of such unvested Award Shares. For purposes of this Agreement, a "Termination of Employment" means the last day that Grantee is actively performing services in an employer-employee relationship for the Company or a Subsidiary, without regard to the reason for Grantee's cessation of service (with the exception of Grantee's death) and without regard to any advance notice period as may be otherwise provided under local law.

4. Employment.

Nothing contained in this Agreement (i) obligates the Company or a Subsidiary to continue to employ Grantee in any capacity whatsoever or (ii) prohibits or restricts the Company or a Subsidiary from terminating the employment of Grantee at any time or for any reason

whatsoever. In the event of a Termination of Employment of Grantee, Grantee shall have only the rights set forth in this Agreement with respect to the Award Shares.

5. Dividends and Changes in Capitalization.

If at any time that any of the Award Shares have not vested in Grantee the Company declares or pays any ordinary cash dividend, any non-cash dividend of securities or other property or rights to acquire securities or other property, any liquidating dividend of cash or property, or any stock dividend or there occurs any stock split or other change in the character or amount of any of the outstanding securities of the Company, then in such event any and all cash and new, substituted, or additional securities or other property relating or attributable to those unvested Award Shares immediately and automatically will become subject to this Agreement, will be delivered to the Transfer Agent or to an independent Escrow Agent selected by the Company to be held by the Transfer Agent or such Escrow Agent pursuant to the terms of this Agreement (including but not limited to the provisions of Sections 2, 3, and 8), and will have the same status with respect to vesting and transfer as the unvested Award Shares upon which such dividend was paid or with respect to which such new, substituted, or additional securities or other property was distributed. No interest will accrue on any cash or cash equivalents received by the Transfer Agent or such Escrow Agent pursuant to the first sentence of this Section 5. Grantee and the Company agree that the provisions of this Section 5 amend, supersede and/or replace any conflicting provisions contained in any Restricted Stock Award Agreements between the Company and Grantee covering Restricted Stock Awards previously granted to Grantee by the Company.

6. Representations of Grantee.

Grantee hereby represents and warrants to the Company as follows:

- (a) Grantee had full legal power, authority, and capacity to execute and deliver this Agreement and to perform Grantee's obligations under this Agreement; and this Agreement is a valid and binding obligation of Grantee, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).
- (b) Grantee is aware of the public availability on the Internet at www.sec.gov of the Company's periodic and other filings made with the United States Securities and Exchange Commission.

7. Representations and Warranties of the Company.

The Company hereby represents and warrants to Grantee as follows:

- (a) The Company is a corporation duly organized, validly existing, and in good standing under the laws of Delaware and has all requisite corporate power and authority to enter into this Agreement, to issue the Award Shares to Grantee, and to perform its obligations under this Agreement.

- (b) The execution and delivery of this Agreement by the Company have been duly and validly authorized; and all necessary corporate action has been taken to make this Agreement a valid and binding obligation of the Company, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).
- (c) When issued to Grantee as provided for in this Agreement, the Award Shares will be duly and validly issued, fully paid, and non-assessable.

8. Restriction on Sale or Transfer of Award Shares.

None of the Award Shares that have not vested in Grantee pursuant to Section 2 (and no beneficial interest in any of such Award Shares) may be sold, transferred, assigned, pledged, encumbered, or otherwise disposed of in any way (including a transfer by operation of law); and any attempt to make any such sale, transfer, assignment, pledge, encumbrance, or other disposition shall be null and void and of no effect.

9. Enforcement.

The Company and Grantee acknowledge that the Company's remedy at law for any breach or violation or attempted breach or violation of the provisions of Section 8 will be inadequate and that, in the event of any such breach or violation or attempted breach or violation, the Company shall be entitled to injunctive relief in addition to any other remedy, at law or in equity, to which the Company may be entitled.

10. Violation of Transfer Provisions.

Neither the Company nor the Transfer Agent shall be required to transfer on the stock records of the Company maintained by either of them any Award Shares which have been sold, transferred, assigned, pledged, encumbered, or otherwise disposed of in violation of any of the provisions of this Agreement or to treat as the owner of such Award Shares or accord the right to vote or receive dividends to any purported transferee or pledgee to whom such Award Shares shall have been so sold, transferred, assigned, pledged, encumbered, or otherwise disposed of in violation of any of the provisions of this Agreement.

11. Section 83(b) Election.

Grantee shall have the right to make an election pursuant to Treasury Regulation § 1.83-2 with respect to the Award Shares and, if Grantee makes such election, promptly will furnish to the Company a copy of the form of election Grantee has filed with the Internal Revenue Service for such purpose and evidence that such an election has been made in a timely manner.

12. Withholding.

- (a) Upon Grantee's making of the election referred to in Section 11 with respect to any of the Award Shares, Grantee shall pay to or provide for the payment to or withholding by the Company of all amounts which the Company is required to withhold from Grantee's compensation for federal, state, or local tax purposes by reason of or in connection with such election. Notwithstanding any provision of this Agreement to the contrary, neither the Company nor the Transfer Agent shall be obligated to release from the Restricted Stock Account any of the Award Shares with respect to which Grantee has made such election and which have vested in Grantee until Grantee's obligations under this Section 12 have been satisfied.
- (b) Upon the vesting in Grantee of any of the Award Shares as to which the election referred to in Section 11 was not made by Grantee, the Company shall compute as of the applicable vesting date the amounts which the Company is required to withhold from Grantee's compensation for federal, state, or local tax purposes by reason of or in connection with such vesting, based upon the Fair Market Value (as defined in the Plan) of such Award Shares. After making such computation, the Company shall direct the Transfer Agent to remove from the Restricted Stock Account and cancel that number of the Award Shares whose Fair Market Value (as defined in the Plan) as of the applicable vesting date is equal to the aggregate of such amounts required to be withheld by the Company; provided, that for such purpose the number of Award Shares to be removed from the Restricted Stock Account and cancelled shall be rounded up to the nearest whole Award Share. After the actions prescribed by the preceding provisions of this Section 12(b) have been taken, the Company when required by law to do so shall pay to the applicable tax authorities in cash the amounts required to have been withheld from Grantee's compensation by reason of or in connection with the vesting referred to in the first sentence of this Section 12(b), with any excess amount resulting from such rounding being treated as federal income tax withholding; and Grantee shall have (i) no further obligation with respect to such amounts required to be withheld and (ii) no further rights or interests in the Award Shares withdrawn from the Restricted Stock Account and cancelled pursuant to this Section 12(b), unless the Company has miscomputed such amounts or the number of such Award Shares.

13. Voting and Other Stockholder Rights.

Grantee shall have the right to vote with respect to all of the Award Shares which are outstanding and credited to the Restricted Stock Account as of a record date for determining stockholders of the Company entitled to vote, whether or not such Award Shares are vested in Grantee as of such record date. Except as expressly limited or restricted by this Agreement and except as otherwise provided in this Agreement, Grantee shall have all of the other rights of a stockholder of the Company with respect to all of the Award Shares which are outstanding and credited to the Restricted Stock Account at a particular time, whether or not such Award Shares are vested in Grantee at such time.

14. Application of Plan.

The relevant provisions of the Plan relating to Restricted Stock Awards and the

authority of the Committee under the Plan shall be applicable to this Agreement to the extent that this Agreement does not otherwise expressly address the subject matter of such provisions.

15. General Provisions.

- (a) No Assignments. Grantee may not sell, transfer, assign, pledge, encumber, or otherwise dispose of any of Grantee's rights or obligations under this Agreement without the prior written consent of the Company; and any such attempted sale, transfer, assignment, pledge, encumbrance, or other disposition shall be void.
- (b) Notices. All notices, requests, consents, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made upon personal delivery to the person for whom such item is intended (including by a reputable overnight delivery service which shall be deemed to have effected personal delivery) or upon deposit, postage prepaid, registered or certified mail, return receipt requested, in the United States mail as follows:
 - i. if to Grantee, addressed to Grantee at Grantee's address shown on the stockholder records maintained by the Transfer Agent or at such other address as Grantee may specify by written notice to the Transfer Agent, or
 - ii. if to the Company, addressed to the Chief Financial Officer of the Company at the principal office of the Company or at such other address as the Company may specify by written notice to Grantee.

Each such notice, request, consent, and other communication shall be deemed to have been given upon receipt thereof as set forth above or, if sooner, five (5) business days after deposit as described above. An address for purposes of this Section 15(b) may be changed by giving written notice of such change in the manner provided in this Section 15(b) for giving notice. Unless and until such written notice is received, the addresses referred to in this Section 15(b) shall be deemed to continue in effect for all purposes of this Agreement.

- (c) Choice of Law. This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Delaware.
- (d) Severability. The Company and Grantee agree that the provisions of this Agreement are reasonable and shall be binding and enforceable in accordance with their terms and, in any event, that the provisions of this Agreement shall be enforced to the fullest extent permitted by law. If any provision of this Agreement for any reason shall be adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not affect the enforceability or validity of the remaining provisions of this Agreement, and the Company and Grantee agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.
- (e) Parties in Interest. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective heirs, personal representatives,

successors, and assigns of the Company and the Grantee; provided, that the provisions of this Section 15(e) shall not authorize any action by Grantee which is prohibited by this Agreement.

- (f) Modification, Amendment, and Waiver. No modification, amendment, or waiver of any provision of this Agreement shall be effective against the Company or Grantee unless such modification, amendment, or waiver (i) is in writing, (ii) is signed by the party sought to be bound by such modification, amendment, or waiver, (iii) states that it is intended to modify, amend, or waive a specific provision of this Agreement, and (iv) in the case of the Company, has been authorized by the Committee. However, Grantee acknowledges and agrees that the Committee, in the exercise of its sole discretion and without Grantee's consent, may modify or amend this Agreement in any manner and delay either the payment of any amounts payable pursuant to this Agreement or the release of any Award Shares which have vested pursuant to this Agreement to the minimum extent necessary to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and any regulations thereunder; and the Company will provide Grantee with notice of any such modification or amendment. The failure of the Company or Grantee at any time to enforce any of the provisions of this Agreement shall not be construed as a waiver of such provisions and shall not affect the right of the Company or Grantee thereafter to enforce each and every provision of this Agreement in accordance with its terms
- (g) Integration. This Agreement constitutes the entire agreement of the Company and Grantee with respect to the subject matter of this Agreement and supersedes all prior negotiations, understandings, and agreements, written or oral, with respect to such subject matter.
- (h) Headings. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.
- (i) Counterparts. This Agreement may be executed in counterparts with the same effect as if both the Company and Grantee had signed the same document. All such counterparts shall be deemed to be an original, shall be construed together, and shall constitute one and the same instrument.
- (j) Further Assurances. The Company and Grantee agree to use their best efforts and act in good faith in carrying out their obligations under this Agreement. The Company and Grantee also agree to execute and deliver such additional documents and to take such further actions as reasonably may be necessary or desirable to carry out the purposes and intent of this Agreement.

16. Consent to Collection, Processing and Transfer of Personal Data.

The Company hereby notifies Grantee of the following in relation to Grantee's personal data and the collection, processing and transfer of such data in relation to the grant of the Award and Grantee's participation in the Plan, pursuant to applicable personal data protection laws. The collection, processing and transfer of Grantee's personal data is necessary for the Company's administration of the Plan and Grantee's participation in the Plan, and Grantee's denial and/or objection to the collection, processing and transfer of personal data may affect Grantee's ability to participate in the Plan. As such, Grantee voluntarily acknowledges, consents and agrees

(where required under applicable law) to the collection, use, processing and

transfer of personal data as described herein.

The Company holds certain personal information about Grantee, including (but not limited to) Grantee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Awards or any other entitlement to shares of Common Stock awarded, canceled, purchased, vested, unvested or outstanding in Grantee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by Grantee or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in Grantee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for Grantee's participation in the Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan, and the Company may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. Grantee hereby authorizes (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Common Stock on Grantee's behalf to a broker or other third party with whom Grantee may elect to deposit any shares of Common Stock acquired pursuant to the Plan.

Grantee may, at any time, exercise Grantee's rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and Grantee's participation in the Plan. Grantee may seek to exercise these rights by contacting Grantee's local HR manager.

17. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to the Award or other awards granted to Grantee under the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a

third party designated by the Company.

IN WITNESS WHEREOF, the Company and Grantee have executed this Restricted Stock Award Agreement on the dates set forth below, effective on the Award Date.

COMPANY:

CSG SYSTEMS INTERNATIONAL, INC.,
a Delaware corporation

By: _____

Title: _____

Date: _____

GRANTEE:

Date: _____

This exhibit contains forms of agreement used by the company to grant performance-based restricted stock awards to its executive officers under the company's 2005 Stock Incentive Plan. Readers should note that these are forms of agreement only and particular agreements with executive officers and directors may contain terms that differ but not in material respects.

RESTRICTED STOCK AWARD AGREEMENT

Name of Grantee (the "Grantee"):

Date of Restricted Stock Award (the "Award Date"):

Number of Shares Covered by Restricted Stock Award (the "Award Shares"):

This Restricted Stock Award Agreement (this "Agreement") is entered into as of the Date of Restricted Stock Award set forth above (the "Award Date") by and between CSG SYSTEMS INTERNATIONAL, INC., a Delaware corporation (the "Company"), and the Grantee named above (the "Grantee").

* * *

WHEREAS, the Company has adopted an Amended and Restated 2005 Stock Incentive Plan (the "Plan") which is administered by the Compensation Committee of the Board of Directors of the Company (the "Committee"); and

WHEREAS, pursuant to the Plan, effective on the Award Date the Committee granted to Grantee a Restricted Stock Award (the "Award") covering the number of shares of the Common Stock of the Company (the "Common Stock") set forth above (the "Award Shares"), and the Company is executing this Agreement with Grantee for the purpose of setting forth the terms and conditions of the Award made by the Committee to Grantee effective on the Award Date;

NOW, THEREFORE, in consideration of the premises and the covenants and conditions contained herein, the Company and Grantee agree as follows:

1. **Award of Restricted Shares.**

(a) The Company hereby confirms the grant of the Award to Grantee effective on the Award Date. The Award is subject to all of the terms and conditions of this Agreement.

(b) Promptly after the execution of this Agreement, the Company will cause the transfer agent for the Common Stock or other third-party Plan record keeper designated by the Company (the "Transfer Agent") to (i) either establish a separate account in its records in the name of Grantee (the "Restricted Stock Account") and credit the Award Shares to the Restricted Stock Account as of the Award Date or credit the Award Shares to a previously existing Restricted Stock Account of Grantee as of the Award Date and (ii) confirm such actions to Grantee electronically or in writing.

2. Vesting of Award Shares.

(a) For purposes of this Agreement, “Performance Period” means (i) with respect to the Award Shares subject to the Company’s fully diluted non-GAAP earnings per share (“EPS”) and GAAP revenue (“Revenue”) performance measures, the two-fiscal-year period beginning on January 1, 20XX and ending on December 31, 20XY, and (ii) with respect to Award Shares subject to the relative total shareholder return (“TSR”) performance measure, the three-fiscal year period beginning on January 1, 20XX and ending on December 31, 20XZ.

(b) Subject to Section 16, if applicable, the Award Shares will vest, if at all, based on the achievement percentages derived from the following measures of performance for the applicable Performance Period (“Performance Measures”):

- (i) achievement percentage based on EPS as determined in accordance with Exhibit 1 (“EPS Achievement Percentage”);
- (ii) achievement percentage based on Revenue as determined in accordance with Exhibit 2 (“Revenue Achievement Percentage”); and
- (iii) achievement percentage based on performance as measured by TSR as determined in accordance with Exhibit 3 (“TSR Achievement Percentage”).

The number of Shares that vest shall be determined by multiplying the number of Award Shares by the total of the Weighted Achievement Percentages (Performance Measure Weight multiplied by Actual Achievement Percentage) for the three Performance Measures, as follows:

Performance Measure	Performance Period	Performance Measure Weight
EPS	January 1, 20XX, to December 31, 20XY	XX.X%
Revenue	January 1, 20XX, to December 31, 20XY	XX.X%
TSR	January 1, 20XX, through December 31, 20XZ	XX.X%

The following example illustrates how a total award of 1,000 shares would vest if the respective EPS, Revenue and TSR Weighted Achievement Percentages were attained for the Performance Period based on the methodologies set forth in Exhibit 1, Exhibit 2 and Exhibit 3:

Performance Measure	Weight (A)	Actual Achievement Percentage (B)	Weighted Achievement Percentage (A multiplied by B)
EPS	XX.X%	XXX%	XX.X%
Revenue	XX.X%	XX%	XX.X%
TSR	XX.X%	XXX%	XX.X%
Total of the Weighted Achievement Percentages:		XXX.X%	
Shares Vesting: XXXX (Award Shares multiplied by the Total of the Weighted Achievement Percentages)			

- (c) (i) As soon as practicable after the end of the applicable Performance Period, the Committee shall review and approve/certify the level of the applicable Performance Measure achieved, and determine the corresponding vesting levels for the Award Shares as described above and in Exhibits 1, 2, and 3. The Committee may, in its sole discretion, determine whether any adjustments to the vesting levels as determined in accordance with Exhibits 1, 2, and 3 are appropriate for any unusual or unique circumstances that occurred during the applicable Performance Period.

Subject to Section 16, no Award Shares will vest in Grantee (i) unless and until the Committee has reviewed and approved/certified the vesting levels for the Award Shares, and (ii) unless Grantee has been continuously employed by the Company from the Award Date through the date of the applicable Committee approval/certification.

- (ii) After Grantee has become vested in any of the Award Shares and, if applicable, after the cancellation of certain of the Award Shares as provided for in Section 12(b) has occurred, the Company will instruct the Transfer Agent to remove all restrictions on the transfer, assignment, pledge, encumbrance, or other disposition of the then remaining vested Award Shares in the Restricted Stock Account. Grantee thereafter may dispose of such remaining vested Award Shares in Grantee's sole discretion, subject to compliance with securities and other applicable laws and Company policies with respect to dispositions of Company stock, and may request the Transfer Agent to electronically transfer such remaining vested Award Shares to an account designated by Grantee free of any restrictions, subject to any applicable administrative requirements of the Transfer Agent.

(d) The number of Award Shares issued upon the grant of the Award is equal to the number of Award Shares set forth on the first page of this Agreement, which is equal to the number of Shares that would vest upon the attainment of the Target level of performance for each of the Performance Measures as set forth in Exhibits 1, 2 and 3. If the aggregate number of Award Shares vesting under Section 2(b) and Exhibits 1, 2 and 3 exceeds the total number of Award Shares due to vesting at levels above Target, then the Company shall issue Grantee additional shares of Common Stock in respect of such additional vesting. Such additional shares shall be issued as soon as administratively practicable following the Committee's certification of applicable vesting levels.

3. Cancellation of Unvested Award Shares.

Subject to the provisions of Section 16, if applicable, and to the provisions of any then existing employment agreement between the Company and Grantee or any severance plan in which Grantee is a participant, upon a Termination of Employment of Grantee, all of the rights and interests of Grantee in any of the Award Shares which have not vested in Grantee pursuant to Section 2 prior to such Termination of Employment of Grantee automatically will completely and forever terminate; and, at the direction of the Company, the Transfer Agent will remove from the Restricted Stock Account and cancel all of those unvested Award Shares. For purposes of this Agreement, a "Termination of Employment" of Grantee means the effective time when the employer-employee relationship between Grantee and the Company terminates for any reason whatsoever. In determining the existence of continuous employment of Grantee by the Company or the existence of an employer-employee relationship between Grantee and the Company for purposes of this Agreement, the term "Company" will include a Subsidiary (as defined in the Plan); and neither a transfer of Grantee from the employ of the Company to the employ of a Subsidiary nor the transfer of Grantee from the employ of a Subsidiary to the employ of the Company or another Subsidiary will be deemed to be a Termination of Employment of Grantee.

4. Employment.

Nothing contained in this Agreement (i) obligates the Company or a Subsidiary to continue to employ Grantee in any capacity whatsoever or (ii) prohibits or restricts the Company or a Subsidiary from terminating the employment of Grantee at any time or for any reason whatsoever. In the event of a Termination of Employment of Grantee, Grantee will have only the rights set forth in this Agreement with respect to the Award Shares.

5. Dividends and Changes in Capitalization.

If at any time that any of the Award Shares have not vested in Grantee the Company declares or pays any ordinary cash dividend, any non-cash dividend of securities or other property or rights to acquire securities or other property, any liquidating dividend of cash or property, or any stock dividend or there occurs any stock split or other change in the character or amount of any of the outstanding securities of the Company, then in such event any and all cash and new, substituted, or additional securities or other property relating or attributable to those unvested Award Shares immediately and automatically will become subject to this Agreement, will be delivered to the Transfer Agent or to an independent Escrow Agent selected by the Company to be held by the Transfer Agent or such Escrow Agent pursuant to the terms of this Agreement

(including but not limited to the provisions of Sections 2, 3, and 8), and will have the same status with respect to vesting and transfer as the unvested Award Shares upon which such dividend was paid or with respect to which such new, substituted, or additional securities or other property was distributed. No interest will accrue on any cash or cash equivalents received by the Transfer Agent or such Escrow Agent pursuant to the first sentence of this Section 5.

6. Representations of Grantee.

Grantee represents and warrants to the Company as follows:

(a) Grantee has full legal power, authority, and capacity to execute and deliver this Agreement and to perform Grantee's obligations under this Agreement; and this Agreement is a valid and binding obligation of Grantee, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

(b) Grantee is aware of the public availability on the Internet at www.sec.gov of the Company's periodic and other filings made with the United States Securities and Exchange Commission.

(c) Grantee has received a copy of the Plan.

7. Representations and Warranties of the Company.

The Company represents and warrants to Grantee as follows:

(a) The Company is a corporation duly organized, validly existing, and in good standing under the laws of Delaware and has all requisite corporate power and authority to enter into this Agreement, to issue the Award Shares to Grantee, and to perform its obligations under this Agreement.

(b) The execution and delivery of this Agreement by the Company have been duly and validly authorized by the Committee; and all necessary corporate action has been taken to make this Agreement a valid and binding obligation of the Company, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

(c) When issued to Grantee as provided for in this Agreement, the Award Shares will be duly and validly issued, fully paid, and non-assessable.

8. Restriction on Sale or Transfer of Award Shares.

None of the Award Shares that have not vested in Grantee pursuant to Section 2 (and no beneficial interest in any of such Award Shares) may be sold, transferred, assigned,

pledged, encumbered, or otherwise disposed of in any way by anyone (including a transfer by operation of law); and any attempt by anyone to make any such sale, transfer, assignment, pledge, encumbrance, or other disposition will be null and void and of no effect.

9. Enforcement.

The Company and Grantee acknowledge that the Company's remedy at law for any breach or violation or attempted breach or violation of the provisions of Section 8 will be inadequate and that, in the event of any such breach or violation or attempted breach or violation, the Company will be entitled to injunctive relief in addition to any other remedy, at law or in equity, to which the Company may be entitled.

10. Violation of Transfer Provisions.

Neither the Company nor the Transfer Agent will be required to transfer on the stock records of the Company maintained by either of them any Award Shares which have been sold, transferred, assigned, pledged, encumbered, or otherwise disposed of by anyone in violation of any of the provisions of this Agreement or to treat as the owner of such Award Shares or accord the right to vote or receive dividends to any purported transferee or pledgee to whom such Award Shares have been sold, transferred, assigned, pledged, encumbered, or otherwise disposed of in violation of any of the provisions of this Agreement.

11. Section 83(b) Election.

Grantee has the right to make an election pursuant to Treasury Regulation § 1.83-2 with respect to the Award Shares and, if Grantee makes such election, promptly will furnish to the Company a copy of the form of election Grantee has filed with the Internal Revenue Service for such purpose and evidence that such an election has been made in a timely manner.

12. Withholding.

(a) Upon Grantee's making of the election referred to in Section 11 with respect to any of the Award Shares, Grantee will pay to or provide for the payment to or withholding by the Company of all amounts which the Company is required to withhold from Grantee's compensation for federal, state, or local tax purposes by reason of or in connection with such election. Notwithstanding any provision of this Agreement to the contrary, neither the Company nor the Transfer Agent will be obligated to release from the Restricted Stock Account any of the Award Shares with respect to which Grantee has made such election and which have vested in Grantee until Grantee's obligations under this Section 12 have been satisfied.

(b) Upon the vesting in Grantee of any of the Award Shares as to which the election referred to in Section 11 was not made by Grantee, the Company will compute as of the applicable vesting date the amounts which the Company is required to withhold from Grantee's compensation for federal, state, and local tax purposes by reason of or in connection with such vesting, based upon the Fair Market Value (as defined in the Plan) of those Award Shares. After making such computation, the Company will direct the Transfer Agent to remove from the Restricted Stock Account and cancel that number of the Award Shares whose Fair Market Value

(as defined in the Plan) as of the applicable vesting date is equal to the aggregate of such amounts required to be withheld by the Company; provided, that for such purpose the number of Award Shares to be removed from the Restricted Stock Account and cancelled will be rounded up to the nearest whole Award Share. After the actions prescribed by the preceding provisions of this Section 12(b) have been taken, the Company when required by law to do so will pay to the applicable tax authorities in cash the amounts required to have been withheld from Grantee's compensation by reason of or in connection with the vesting referred to in the first sentence of this Section 12(b), with any excess amount resulting from such rounding being treated as federal income tax withholding; and Grantee will have (i) no further obligation with respect to such amounts required to be withheld and (ii) no further rights or interests in the Award Shares withdrawn from the Restricted Stock Account and cancelled pursuant to this Section 12(b), unless the Company has miscomputed such amounts or the number of such Award Shares.

13. Voting and Other Stockholder Rights.

Grantee will have the right to vote with respect to all of the Award Shares which are outstanding and credited to the Restricted Stock Account as of a record date for determining stockholders of the Company entitled to vote, whether or not such Award Shares are vested in Grantee as of such record date. Except as expressly limited or restricted by this Agreement and except as otherwise provided in this Agreement, Grantee will have all of the other rights of a stockholder of the Company with respect to all of the Award Shares which are outstanding and credited to the Restricted Stock Account at a particular time, whether or not such Award Shares are vested in Grantee at such time.

14. Application of Plan.

The relevant provisions of the Plan relating to Restricted Stock Awards and the authority of the Committee under the Plan will be applicable to this Agreement to the extent that this Agreement does not otherwise expressly address the subject matter of such provisions.

15. General Provisions.

(a) No Assignments. Grantee may not sell, transfer, assign, pledge, encumber, or otherwise dispose of any of Grantee's rights or obligations under this Agreement without the prior written consent of the Company; and any such attempted sale, transfer, assignment, pledge, encumbrance, or other disposition shall be void.

(b) Notices. All notices, requests, consents, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made upon personal delivery to the person for whom such item is intended (including by a reputable overnight delivery service which shall be deemed to have effected personal delivery) or upon deposit, postage prepaid, registered or certified mail, return receipt requested, in the United States mail as follows:

- (i) if to Grantee, addressed to Grantee at Grantee's address shown on the stockholder records maintained by the Transfer Agent or at such

other address as Grantee may specify by written notice to the Transfer Agent, or

- (ii) if to the Company, addressed to the Chief Financial Officer of the Company at the principal office of the Company or at such other address as the Company may specify by written notice to Grantee.

Each such notice, request, consent, and other communication shall be deemed to have been given upon receipt thereof as set forth above or, if sooner, three (3) business days after deposit as described above. An address for purposes of this Section 15(b) may be changed by giving written notice of such change in the manner provided in this Section 15(b) for giving notice. Unless and until such written notice is received, the addresses referred to in this Section 15(b) shall be deemed to continue in effect for all purposes of this Agreement.

(c) Choice of Law. This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Delaware.

(d) Severability. The Company and Grantee agree that the provisions of this Agreement are reasonable and shall be binding and enforceable in accordance with their terms and, in any event, that the provisions of this Agreement shall be enforced to the fullest extent permitted by law. If any provision of this Agreement for any reason shall be adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not affect the enforceability or validity of the remaining provisions of this Agreement, and the Company and Grantee agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.

(e) Parties in Interest. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective heirs, personal representatives, successors, and assigns of the Company and the Grantee; provided, that the provisions of this Section 15(e) shall not authorize any sale, transfer, assignment, pledge, encumbrance, or other disposition of the Award Shares which is otherwise prohibited by this Agreement.

(f) Modification, Amendment, and Waiver. No modification, amendment, or waiver of any provision of this Agreement shall be effective against the Company or Grantee unless such modification, amendment, or waiver (i) is in writing, (ii) is signed by the party sought to be bound by such modification, amendment, or waiver, (iii) states that it is intended to modify, amend, or waive a specific provision of this Agreement, and (iv) in the case of the Company, has been authorized by the Committee. However, Grantee acknowledges and agrees that the Committee, in the exercise of its sole discretion and without Grantee's consent, may modify or amend this Agreement in any manner and delay either the payment of any amounts payable pursuant to this Agreement or the release of any Award Shares which have vested pursuant to this Agreement to the minimum extent necessary to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and any regulations thereunder; and the Company will provide Grantee with notice of any such modification or amendment. The failure of the Company or Grantee at any time to enforce any of the provisions of this Agreement shall not be

construed as a waiver of such provisions and shall not affect the right of the Company or Grantee thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(g) Integration. This Agreement constitutes the entire agreement of the Company and Grantee with respect to the subject matter of this Agreement and supersedes all prior negotiations, understandings, and agreements, written or oral, with respect to such subject matter.

(h) Headings. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

(i) Counterparts. This Agreement may be executed in counterparts with the same effect as if both the Company and Grantee had signed the same document. All such counterparts shall be deemed to be an original, shall be construed together, and shall constitute one and the same instrument.

(j) Further Assurances. The Company and Grantee agree to use their best efforts and act in good faith in carrying out their obligations under this Agreement. The Company and Grantee also agree to execute and deliver such additional documents and to take such further actions as reasonably may be necessary or desirable to carry out the purposes and intent of this Agreement.

16. Change of Control

(a) In the event of a Change in Control prior to December 31, 20XZ, to the extent the Award remains outstanding after the date of the Change in Control and unless the Committee determines otherwise, the following provisions shall apply to any Award Shares that had not previously vested pursuant to Section 2 or been cancelled pursuant to Section 3: (i) if the Change of Control occurs prior to December 31, 20XY, the EPS Achievement Percentage and the Revenue Achievement Percentage shall be deemed to have been achieved at Target levels of performance; and (ii) the TSR Achievement Percentage shall be determined in the manner set forth in Exhibit 3 as if the TSR Performance Period ended on the date immediately preceding the date of the Change of Control. The resulting number of Award Shares determined under this Section 16(a) shall no longer be subject to Company performance but shall vest in Grantee on December 31, 20XY, in the case of Award Shares originally subject to vesting based on EPS and Revenue Achievement Percentages, and on December 31, 20XZ, in the case of Award Shares originally subject to vesting based on the TSR Achievement Percentage, provided in each case that Grantee has not had a Termination of Employment prior to such applicable vesting date.

(b) Notwithstanding Section 3 or the last sentence of Section 16(a), any Award Shares that remain outstanding after a Change of Control shall vest in Grantee pursuant to this Section 16(b) upon an involuntary (on the part of Grantee) Termination of Employment of Grantee without Cause that occurs within 18 months after the occurrence of such Change of Control.

(b) For purposes of this Agreement, a "Change of Control" will be deemed to have occurred upon the happening of any of the following events:

- (i) The Company is merged or consolidated into another corporation or entity, and immediately after such merger or consolidation becomes effective the holders of a majority of the outstanding shares of voting capital stock of the Company immediately prior to the effectiveness of such merger or consolidation do not own (directly or indirectly) a majority of the outstanding shares of voting capital stock or other equity interests having voting rights of the surviving or resulting corporation or other entity in such merger or consolidation;
- (ii) any person, entity, or group of persons within the meaning of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934 (the "1934 Act") and the rules promulgated thereunder becomes the beneficial owner (within the meaning of Rule 13d-3 under the 1934 Act) of thirty percent (30%) or more of the outstanding voting capital stock of the Company;
- (iii) the Common Stock of the Company ceases to be publicly traded because of an issuer tender offer or other "going private" transaction (other than a transaction sponsored by the then current management of the Company);
- (iv) the Company dissolves or sells or otherwise disposes of all or substantially all of its property and assets (other than to an entity or group of entities which is then under common majority ownership (directly or indirectly) with the Company);
- (v) in one or more substantially concurrent transactions or in a series of related transactions, the Company directly or indirectly disposes of a portion or portions of its business operations (collectively, the "Sold Business") other than by ceasing to conduct the Sold Business without its being acquired by a third party (regardless of the entity or entities through which the Company conducted the Sold Business and regardless of whether such disposition is accomplished through a sale of assets, the transfer of ownership of an entity or entities, a merger, or in some other manner) and either (i) the fair market value of the consideration received or to be received by the Company for the Sold Business is equal to at least fifty percent (50%) of the market value of the outstanding Common Stock of the Company determined by multiplying the average of the closing prices for the Common Stock of the Company on the thirty (30) trading days immediately preceding the date of the first public announcement of the proposed disposition of the Sold Business by the average of the numbers of outstanding shares of Common Stock on such thirty (30) trading days or (ii) the revenues of the Sold Business during the most recent four (4) calendar quarters ended prior to the first public announcement of the proposed disposition of the Sold Business

represented fifty percent (50%) or more of the total consolidated revenues of the Company during such four (4) calendar quarters; or

- (vi) during any period of two consecutive years or less, individuals who at the beginning of such period constituted the Board of Directors of the Company cease, for any reason, to constitute at least a majority of the Board of Directors of the Company, unless the election or nomination for election of each new director of the Company who took office during such period was approved by a vote of at least seventy-five percent (75%) of the directors of the Company still in office at the time of such election or nomination for election who were directors of the Company at the beginning of such period.

(c) Definition of "Cause". For purposes of this agreement, "Cause" will mean only (i) Grantee's confession or conviction of theft, fraud, embezzlement, or other crime involving dishonesty, (ii) Grantee's certification of materially inaccurate financial or other information pertaining to the Company or a Subsidiary (as defined in the Plan) with actual knowledge of such inaccuracies on the part of Grantee, (iii) Grantee's refusal or willful failure to cooperate with an investigation by a governmental agency pertaining to the financial or other business affairs of the Company or a Subsidiary (as defined in the Plan) unless such refusal or willful failure is based upon a written direction from the Board of Directors or the Chief Executive Officer of the Company or the written advice of counsel, (iv) Grantee's excessive absenteeism (other than by reason of physical injury, disease, or mental illness) without a reasonable justification and failure on the part of Grantee to cure such absenteeism within twenty (20) days after Grantee's receipt of a written notice from the Board of Directors or the Chief Executive Officer of the Company setting forth the particulars of such absenteeism, (v) material failure by Grantee to comply with a lawful directive of the Board of Directors or the Chief Executive Officer of the Company and failure to cure such non-compliance within twenty (20) days after Grantee's receipt of a written notice from the Board of Directors or the Chief Executive Officer of the Company setting forth in reasonable detail the particulars of such non-compliance, (vi) a material breach by Grantee of any of Grantee's fiduciary duties to the Company or a Subsidiary (as defined in the Plan) and, if such breach is curable, Grantee's failure to cure such breach within twenty (20) days after Grantee's receipt of a written notice from the Board of Directors or the Chief Executive Officer of the Company setting forth in reasonable detail the particulars of such breach, (vii) willful misconduct or fraud on the part of Grantee in the performance of his duties as an employee of the Company or a Subsidiary (as defined in the Plan), or (viii) any other "cause" as defined in any existing employment agreement between the Company and Grantee.

(d) If an employment agreement between Grantee and the Company or a severance plan of the Company in which Grantee is a participant provides for the limitation of payments (including but not limited to the vesting of unvested Award Shares) that would result in the imposition of a tax under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), on "excess parachute payments" (as defined in Section 280G of the Code) received or receivable by Grantee, Grantee agrees that any acceleration of vesting of Award Shares pursuant to this Section 16 shall be strictly governed by and subject to the provisions of the employment agreement or severance plan relating to excess parachute payments and that some or all unvested

Award Shares that would otherwise vest upon a qualifying termination after a Change of Control may not vest.

(e) In the event that Grantee is not a party to an employment agreement or a participant in a severance plan providing for a limitation on excess parachute payments as described in Section 16(d), the Committee shall have the right in its sole discretion to reduce the acceleration of vesting of Award Shares pursuant to this Section 16 to the extent necessary to avoid the imposition of tax under Section 4999 of the Code, taking into account all other payments or benefits in the nature of compensation for purposes of Section 280G of the Code received or receivable by the Executive in connection with or as a result of the Change of Control or Grantee's Termination of Employment after the occurrence of a Change of Control; provided, however, that such reduction shall be applied in the order that will result in the Grantee's receipt of the greatest number of Award Shares after such reduction has occurred. The Company and Grantee agree that the provisions of this Section 16(e) are applicable both to all Restricted Stock Agreements and other awards granted under the Plan or any similar plan which are in effect on the date of this Agreement and to all Restricted Stock Award Agreements and other awards granted under the Plan or any similar plan which become effective after the date of this Agreement and that all of such Restricted Stock Award Agreements and other award agreements are subject to and modified by this Section 16(e).

(f) If the employment of Grantee by the Company terminates without Cause after a Change of Control as a result of a Constructive Termination, as defined in a then existing employment agreement (if any) between the Company and Grantee or in any severance plan in which Grantee is a participant, and all preconditions to the effectiveness of such a Constructive Termination contained in such then existing employment agreement or severance plan (if any) have been satisfied, then for purposes of Section 16(a) such termination of Grantee's employment will be deemed to be "an involuntary (on the part of Grantee) Termination of Employment of Grantee without Cause after the occurrence of a Change of Control," and the provisions of Section 16(a) will apply. Notwithstanding the foregoing or anything in this Section 16 to the contrary, if the provisions of any then existing employment agreement between the Company and Grantee or any severance plan in which Grantee is a participant would result in the vesting of a greater number of Award Shares than would vest under this Section 16, then the provisions of such employment agreement or severance plan shall control.

IN WITNESS WHEREOF, the Company and Grantee have executed this Restricted Stock Award Agreement on the dates set forth below, effective on the Award Date.

COMPANY:

GRANTEE:

CSG SYSTEMS INTERNATIONAL, INC.,
a Delaware corporation

Date:

By:
President and Chief Executive Officer
Date:

**CERTIFICATION PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian A. Shepherd, certify that:

1. I have reviewed this report on Form 10-Q of CSG Systems International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Brian A. Shepherd

Brian A. Shepherd

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Hai Tran, certify that:

1. I have reviewed this report on Form 10-Q of CSG Systems International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Hai Tran

Hai Tran

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Brian A. Shepherd, the Chief Executive Officer and Hai Tran, the Chief Financial Officer of CSG Systems International Inc., each certifies that, to the best of his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CSG Systems International, Inc.

May 5, 2022

/s/ Brian A. Shepherd

Brian A. Shepherd
President and Chief Executive Officer

May 5, 2022

/s/ Hai Tran

Hai Tran
Executive Vice President and Chief Financial Officer
