

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, 2024
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.)

169 Inverness Dr W, Suite 300
Englewood, Colorado 80112
(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 April 30, 2024, there were 29,685,975 shares of the registrant's common stock outstanding.

CSG SYSTEMS INTERNATIONAL, INC.
FORM 10-Q for the Quarter Ended March 31, 2024
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CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(in thousands)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 120,810	\$ 186,264
Settlement and merchant reserve assets	192,962	274,699
Trade accounts receivable:		
Billed, net of allowance of \$5,692 and \$5,432	275,359	267,680
Unbilled	84,347	82,163
Income taxes receivable	2,364	1,345
Other current assets	57,960	50,075
Total current assets	<u>733,802</u>	<u>862,226</u>
Non-current assets:		
Property and equipment, net of depreciation of \$126,435 and \$121,816	60,834	65,545
Operating lease right-of-use assets	31,472	34,283
Software, net of amortization of \$160,580 and \$157,601	13,406	14,224
Goodwill	306,581	308,596
Acquired customer contracts, net of amortization of \$127,773 and \$126,469	33,477	35,879
Customer contract costs, net of amortization of \$39,539 and \$42,094	54,535	54,421
Deferred income taxes	49,552	57,855
Other assets	9,293	10,017
Total non-current assets	<u>559,150</u>	<u>580,820</u>
Total assets	<u>\$ 1,292,952</u>	<u>\$ 1,443,046</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 7,500	\$ 7,500
Operating lease liabilities	15,400	15,946
Customer deposits	36,967	41,035
Trade accounts payable	43,768	46,406
Accrued employee compensation	44,006	84,380
Settlement and merchant reserve liabilities	191,498	273,817
Deferred revenue	56,404	54,199
Income taxes payable	1,886	4,104
Other current liabilities	<u>23,738</u>	<u>33,449</u>
Total current liabilities	<u>421,167</u>	<u>560,836</u>
Non-current liabilities:		
Long-term debt, net of unamortized discounts of \$14,764 and \$15,628	533,986	534,997
Operating lease liabilities	31,099	34,360
Deferred revenue	23,382	23,447
Income taxes payable	3,117	3,041
Deferred income taxes	124	123
Other non-current liabilities	<u>10,737</u>	<u>12,916</u>
Total non-current liabilities	<u>602,445</u>	<u>608,884</u>
Total liabilities	<u>1,023,612</u>	<u>1,169,720</u>
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; 29,779 and 29,541 shares outstanding	717	713
Additional paid-in capital	491,005	490,947
Treasury stock, at cost; 40,583 and 40,398 shares	(1,145,738)	(1,136,055)
Accumulated other comprehensive income (loss):		
Unrealized gain on short-term investments, net of tax	-	1
Cumulative foreign currency translation adjustments	(55,388)	(50,414)
Accumulated earnings	<u>978,744</u>	<u>968,134</u>
Total stockholders' equity	<u>269,340</u>	<u>273,326</u>
Total liabilities and stockholders' equity	<u>\$ 1,292,952</u>	<u>\$ 1,443,046</u>

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, 2024	March 31, 2023
Revenue	\$ 295,135	\$ 298,739
Cost of revenue (exclusive of depreciation, shown separately below)	157,887	155,021
Other operating expenses:		
Research and development	36,095	35,464
Selling, general and administrative	61,722	59,147
Depreciation	5,636	5,720
Restructuring and reorganization charges	1,998	5,194
Total operating expenses	263,338	260,546
Operating income	31,797	38,193
Other income (expense):		
Interest expense	(7,506)	(7,219)
Interest income	2,616	569
Other, net	558	(2,432)
Total other	(4,332)	(9,082)
Income before income taxes	27,465	29,111
Income tax provision	(7,998)	(8,183)
Net income	\$ 19,467	\$ 20,928
Weighted-average shares outstanding:		
Basic	28,516	30,418
Diluted	28,797	30,609
Earnings per common share:		
Basic	\$ 0.68	\$ 0.69
Diluted	0.68	0.68

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)

	Quarter Ended	
	March 31, 2024	March 31, 2023
Net income	\$ 19,467	\$ 20,928
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(4,975)	2,843
Other comprehensive income (loss), net of tax	(4,975)	2,843
Total comprehensive income, net of tax	\$ 14,492	\$ 23,771

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	Total Stockholders' Equity
For the Quarter Ended March 31, 2024:							
BALANCE, January 1, 2024	29,541	\$ 713	\$ 490,947	\$ (1,136,055)	\$ (50,413)	\$ 968,134	\$ 273,326
Comprehensive income:							
Net income	-	-	-	-	-	19,467	-
Foreign currency translation adjustments	-	-	-	-	(4,975)	-	-
Total comprehensive income	-	-	-	-	-	-	14,492
Repurchase of common stock	(344)	(2)	(8,538)	(9,683)	-	-	(18,223)
Issuance of common stock pursuant to employee stock purchase plan	20	-	866	-	-	-	866
Issuance of restricted common stock pursuant to stock-based compensation plans	573	6	(6)	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(11)	-	-	-	-	-	-
Stock-based compensation expense	-	-	7,736	-	-	-	7,736
Dividends	-	-	-	-	-	(8,857)	(8,857)
BALANCE, March 31, 2024	<u>29,779</u>	<u>\$ 717</u>	<u>\$ 491,005</u>	<u>\$ (1,145,738)</u>	<u>\$ (55,388)</u>	<u>\$ 978,744</u>	<u>\$ 269,340</u>

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Total Stockholders' Equity
For the Quarter Ended March 31, 2023:							
BALANCE, January 1, 2023	31,269	\$ 708	\$ 495,189	\$ (1,018,034)	\$ (58,829)	\$ 936,215	\$ 355,249
Comprehensive income:							
Net income	-	-	-	-	-	20,928	-
Foreign currency translation adjustments	-	-	-	-	2,843	-	-
Total comprehensive income	-	-	-	-	-	-	23,771
Repurchase of common stock	(166)	(2)	(9,304)	-	-	-	(9,306)
Issuance of common stock pursuant to employee stock purchase plan	19	-	893	-	-	-	893
Issuance of restricted common stock pursuant to stock-based compensation plans	574	6	(6)	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(18)	-	-	-	-	-	-
Stock-based compensation expense	-	-	6,412	-	-	-	6,412
Dividends	-	-	-	-	-	(8,796)	(8,796)
BALANCE, March 31, 2023	<u>31,678</u>	<u>\$ 712</u>	<u>\$ 493,184</u>	<u>\$ (1,018,034)</u>	<u>\$ (55,986)</u>	<u>\$ 948,347</u>	<u>\$ 368,223</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, 2024	March 31, 2023
Cash flows from operating activities:		
Net income	\$ 19,467	\$ 20,928
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation	5,636	5,757
Amortization	11,309	11,471
Asset impairment	-	1,595
Gain on lease modifications	-	(125)
Unrealized foreign currency transaction (gain) loss, net	(352)	41
Deferred income taxes	7,859	4,079
Stock-based compensation	7,736	6,412
Changes in operating assets and liabilities, net of acquired amounts:		
Trade accounts receivable, net	(10,959)	(1,825)
Other current and non-current assets and liabilities	(9,827)	(6,871)
Income taxes payable/receivable	(3,158)	1,647
Trade accounts payable and accrued liabilities	(59,581)	(36,071)
Deferred revenue	2,519	8,359
Net cash provided by (used in) operating activities	(29,351)	15,397
Cash flows from investing activities:		
Purchases of software, property, and equipment	(4,774)	(8,700)
Proceeds from sale/maturity of short-term investments	-	71
Net cash used in investing activities	(4,774)	(8,629)
Cash flows from financing activities:		
Proceeds from issuance of common stock	866	893
Payment of cash dividends	(9,463)	(9,088)
Repurchase of common stock	(17,973)	(9,306)
Deferred acquisition payments	(488)	(274)
Proceeds from long-term debt	-	30,000
Payments on long-term debt	(1,875)	(1,875)
Settlement and merchant reserve activity	(82,212)	(61,482)
Net cash used in financing activities	(111,145)	(51,132)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	(1,962)	327
Net decrease in cash, cash equivalents, and restricted cash	(147,232)	(44,037)
Cash, cash equivalents, and restricted cash, beginning of period	463,876	389,018
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 316,644</u>	<u>\$ 344,981</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for-		
Interest	\$ 10,898	\$ 7,005
Income taxes	3,288	2,211
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 120,810	\$ 167,681
Settlement and merchant reserve assets	192,962	177,300
Restricted cash included in current and non-current assets	2,872	-
Total cash, cash equivalents, and restricted cash	<u>\$ 316,644</u>	<u>\$ 344,981</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, 2024 and December 31, 2023, and for the quarters ended March 31, 2024 and 2023, 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, 2023 (our "2023 10-K"), filed with the SEC. The results of operations for the quarter ended March 31, 2024 are not necessarily indicative of the expected results for the entire year ending December 31, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparation of Financial Statements. The preparation of our Financial Statements requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

Revenue. The majority of our future revenue is related to our SaaS and related solutions 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 2024 through 2036. Our customer contracts may include guaranteed minimums and fixed monthly or annual fees. As of March 31, 2024, our aggregate amount of the transaction price allocated to the remaining performance obligations was approximately \$1.4 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 over 75% of this amount by the end of 2026, with the remaining amount recognized by the end of 2036. 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, 2024 and 2023 was as follows (in thousands):

	Quarter Ended	
	March 31, 2024	March 31, 2023
SaaS and related solutions	\$ 261,695	\$ 257,876
Software and services	22,394	30,891
Maintenance	11,046	9,972
Total revenue	\$ 295,135	\$ 298,739

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, 2024 and 2023, as a percentage of our total revenue, was as follows:

	Quarter Ended	
	March 31, 2024	March 31, 2023
Americas (principally the U.S.)	86 %	84 %
Europe, Middle East, and Africa	9 %	12 %
Asia Pacific	5 %	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 markets including retail, financial services, healthcare, insurance, and government entities. Revenue by customer vertical for the quarters ended March 31, 2024 and 2023, as a percentage of our total revenue, was as follows:

	Quarter Ended	
	March 31, 2024	March 31, 2023
Broadband/Cable/Satellite	51 %	52 %
Telecommunications	19 %	20 %
Other	30 %	28 %
Total revenue	100 %	100 %

Deferred revenue as of December 31, 2023 and 2022 recognized during the quarters ended March 31, 2024 and 2023 was \$19.1 million and \$20.2 million, respectively.

Cash and Cash Equivalents. We consider all highly liquid investments with original maturities of three months or less as of the date of purchase to be cash equivalents. As of March 31, 2024 and December 31, 2023, our cash equivalents consist primarily of institutional money market funds 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 (discussed below). The nature of the restrictions on our settlement and merchant reserve assets consists of contractual restrictions with the merchants and restrictions arising from our policy and intention. It has historically been our policy to segregate settlement and merchant reserve assets from our operating cash balances and our intention is to continue to do so. As of both March 31, 2024 and December 31, 2023, we had \$2.9 million of restricted cash that mainly serves to collateralize bank and performance guarantees included in other current and non-current assets in our unaudited Condensed Consolidated Balance Sheets ("Balance Sheets" or "Balance Sheet").

Settlement and Merchant Reserve Assets and Liabilities. Settlement assets and settlement liabilities represent cash collected on behalf of merchants via payments 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 and contractual terms with the customer. During the holding period, cash is subject to restriction and segregation based on the nature of our custodial relationship with the merchants. Should we fail to remit these funds to our merchants, the merchant's sole recourse for payment would be against us. These rights and obligations are set forth in the contracts between us and the merchants. Settlement assets are held with various major financial institutions and a corresponding liability is recorded for the amounts owed to the customer. At any given time, there may be differences between the cash held and the corresponding liability due to the timing of operating-related cash transfers.

Merchant reserve assets/liabilities represent deposits collected from merchants to mitigate our risk of loss due to nonperformance of settlement obligations initiated by those merchants using our payments 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 provides the basis for the deposit amount required for each merchant. For the duration of our relationship with each merchant, we hold their reserve deposits with major financial institutions. We hold these funds in separate accounts, which are 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, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Settlement assets/liabilities	\$ 178,679	\$ 177,207	\$ 260,712	\$ 259,825
Merchant reserve assets/liabilities	14,283	14,291	13,987	13,992
Total	\$ 192,962	\$ 191,498	\$ 274,699	\$ 273,817

Financial Instruments. Our financial instruments as of March 31, 2024 and December 31, 2023 include cash and cash equivalents, 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.

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 and estimated fair value of our debt as of the indicated periods (in thousands):

	March 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2023 Convertible Notes (par value)	\$ 425,000	\$ 420,856	\$ 425,000	\$ 428,506
2021 Credit Agreement (carrying value including current maturities)	131,250	131,250	133,125	133,125

The fair value of our convertible notes was estimated based upon quoted market prices or recent sales activity, while the fair value of our credit agreement was estimated using a discounted cash flow methodology, both of which are considered Level 2 inputs. See Note 4 for a discussion regarding our debt.

Pillar Two. Numerous foreign jurisdictions have enacted or are in the process of enacting legislation to adopt a minimum effective tax rate. Pillar Two, which was established by the Organization for Economic Co-operation and Development (OECD), generally provides for a 15 percent minimum effective tax rate for multinational enterprises in every jurisdiction in which they operate. The U.S. has not yet adopted Pillar Two, however, various other governments around the world have. These rules did not have a material impact on our taxes for the three months ended March 31, 2024. We continue to monitor evolving tax legislation in the jurisdictions in which we operate.

Accounting Pronouncements Issued but Not Yet Effective. In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280)*, (“ASU 2023-07”), which enhances reportable segment disclosure requirements in part by requiring entities to disclose significant expenses related to their reportable segments. ASU 2023-07 also requires disclosure of the title and position of the company’s Chief Operating Decision Maker (“CODM”) and how the CODM uses financial reporting to assess segment performance and allocate resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We are in the process of evaluating what impact this ASU will have on our Financial Statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”), which requires entities to disclose more detailed information about their effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. We are in the process of evaluating what impact this ASU will have on our Financial Statements and disclosures.

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill. The changes in the carrying amount of goodwill for the first quarter of 2024 were as follows (in thousands):

January 1, 2024, balance	\$	308,596
Effects of changes in foreign currency exchange rates		(2,015)
March 31, 2024, balance	\$	306,581

Other Intangible Assets. Our other intangible assets subject to ongoing amortization consist of acquired customer contracts and software. As of March 31, 2024 and December 31, 2023, the carrying values of these assets were as follows (in thousands):

	March 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Acquired customer contracts	\$ 161,250	\$ (127,773)	\$ 33,477	\$ 162,348	\$ (126,469)	\$ 35,879
Software	173,986	(160,580)	13,406	171,825	(157,601)	14,224
Total other intangible assets	\$ 335,236	\$ (288,353)	\$ 46,883	\$ 334,173	\$ (284,070)	\$ 50,103

The total amortization expense related to other intangible assets for the first quarters of 2024 and 2023 were \$5.4 million and \$6.7 million, respectively. Based on the March 31, 2024 net carrying value of our intangible assets, the estimated total amortization expense for each of the five succeeding fiscal years ending December 31 are: 2024 - \$18.6 million; 2025 - \$11.9 million; 2026 - \$8.0 million; 2027 - \$3.2 million; and 2028 - \$2.5 million.

Customer Contract Costs. As of March 31, 2024 and December 31, 2023, 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, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer contract costs	\$ 94,074	\$ (39,539)	\$ 54,535	\$ 96,515	\$ (42,094)	\$ 54,421

The total amortization expense related to customer contract costs for the first quarters of 2024 and 2023 were \$5.0 million and \$4.6 million, respectively.

4. DEBT

As of March 31, 2024 and December 31, 2023, our long-term debt was as follows (in thousands):

	March 31, 2024	December 31, 2023
2023 Convertible Notes:		
2023 Convertible Notes – senior unsecured convertible notes, due September 2028, cash interest at 3.875%	\$ 425,000	\$ 425,000
Less – deferred financing costs	(12,577)	(13,216)
2023 Convertible Notes, net of unamortized discounts	412,423	411,784
2021 Credit Agreement:		
2021 Term Loan, due September 2026, interest at adjusted SOFR plus applicable margin (combined rate of 6.777% at March 31, 2024)	131,250	133,125
Less – deferred financing costs	(2,187)	(2,412)
2021 Term Loan, net of unamortized discounts	129,063	130,713
\$450 million revolving loan facility, due September 2026, interest at adjusted SOFR plus applicable margin	-	-
Total debt, net of unamortized discounts	541,486	542,497
Current portion of long-term debt, net of unamortized discounts	(7,500)	(7,500)
Long-term debt, net of unamortized discounts	\$ 533,986	\$ 534,997

2023 Convertible Notes. The 2023 Convertible Notes will be convertible at the option of the noteholders before June 15, 2028, upon the occurrence of certain events. On or after June 15, 2028, and until the close of business on the second scheduled trading day immediately preceding September 15, 2028, the maturity date, noteholders may convert all or any portion of their notes at any time regardless of these conditions.

The 2023 Convertible Notes will be convertible at an initial conversion rate of 14.0753 shares of our common stock per \$1,000 principal amount of the 2023 Convertible Notes, which is equivalent to an initial conversion price of \$71.05 per share of our common stock, plus carryforward adjustments not yet effected pursuant to the terms of the indenture governing the 2023 Convertible Notes. Under the terms of the 2023 Convertible Notes, we will adjust the conversion rate for any quarterly dividends exceeding \$0.28 per share.

We are required to satisfy our conversion obligation as follows: (i) paying cash up to the aggregate principal amount of notes to be converted; and (ii) to the extent the value of our conversion obligation exceeds the par value, we will satisfy the remaining conversion obligation in our common stock, cash, or a combination thereof, at our election. As of March 31, 2024, none of the conditions to early convert have been met.

We may not redeem the 2023 Convertible Notes prior to September 21, 2026. On or after September 21, 2026, we may redeem for cash all or part of the 2023 Convertible Notes, subject to a partial redemption limitation that requires at least \$100.0 million of the principal amount of the 2023 Convertible Notes to remain outstanding if the last reported sales price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. The redemption price will equal the principal amount of the 2023 Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund has been established for the 2023 Convertible Notes.

In connection with the pricing of the 2023 Convertible Notes, we entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain of the initial purchasers of the 2023 Convertible Notes and other financial institutions (collectively, the "Option Counterparties"). As of March 31, 2024, all the Capped Call Transactions were outstanding and cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Notes, 5.98 million shares of our common stock, the same number of shares of common stock underlying the 2023 Convertible Notes. The Capped Call Transactions will expire upon the maturity of the 2023 Convertible Notes.

2021 Credit Agreement. During the quarter ended March 31, 2024, we made \$1.9 million of principal repayments on our \$150.0 million aggregate principal five-year term loan (the "2021 Term Loan"). As of March 31, 2024, we had no borrowings outstanding on our \$450.0 million aggregate principal five-year revolving loan facility (the "2021 Revolver"), however we had issued a standby letter of credit of \$1.2 million that counts against our available 2021 Revolver balance. In April 2024, we borrowed \$15.0 million on the 2021 Revolver, currently leaving \$433.8 million available to us.

As of March 31, 2024, our interest rate on the 2021 Term Loan was 6.777% (adjusted Secured Overnight Financing Rate ("SOFR"), credit spread adjustment of 0.10%, plus 1.375% per annum), effective through June 2024, and our commitment fee on the 2021 Revolver was 0.15%.

The interest rates under the 2021 Credit Agreement are based upon our choice of an adjusted SOFR 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 determined in accordance with our then-net secured total leverage ratio. We 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 determined in accordance with our then-net secured total leverage ratio.

5. ACQUISITIONS

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 consideration of approximately \$2 million to be paid through 2025, subject to certain reductions, as applicable. During the first quarter of 2024, we made a purchase price payment of \$0.5 million.

The DGIT 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.

Subsequent Event. On April 1, 2024, we acquired certain assets of a customer communication services business that operates in multiple industry verticals for a purchase price of \$11.5 million, subject to customary working capital adjustments. The results of this acquisition will be included in our results of operations for the period subsequent to the acquisition date.

6. RESTRUCTURING AND REORGANIZATION CHARGES

During the first quarters of 2024 and 2023, we recorded restructuring and reorganization charges of \$2.0 million and \$5.2 million, respectively.

During the first quarter of 2024 we reduced our workforce by approximately 35 employees, mainly in the U.S., as a result of organizational changes and efficiencies. As a result, we incurred restructuring charges related to involuntary terminations of \$1.6 million.

The activity in the restructuring and reorganization reserves during the first quarter of 2024 was as follows (in thousands):

	Termination Benefits	Other	Total
January 1, 2023, balance	\$ 1,434	\$ 8,100	\$ 9,534
Charged to expense during period	1,582	416	1,998
Cash payments	(1,288)	(4,196)	(5,484)
Other	115	-	115
March 31, 2024, balance	\$ 1,843	\$ 4,320	\$ 6,163

As of March 31, 2024, \$4.9 million of the 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 or performance bonds. As of March 31, 2024, we had \$2.9 million of restricted assets used to collateralize these guarantees, with \$0.4 million included in other current assets and \$2.5 million included in other non-current assets.

We have performance guarantees in the form of surety bonds and a standby letter of credit, along with money transmitter bonds, issued through third-parties that are not required to be reflected on our Balance Sheets. As of March 31, 2024, we had performance guarantees of \$6.0 million, which includes a \$1.2 million standby letter of credit. 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. As of March 31, 2024, we had total aggregate money transmitter bonds of \$20.8 million outstanding. These money transmitter bonds are for the benefit of various states to comply with the states' financial requirements and industry regulations for money transmitter licenses.

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 skillful 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. 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 solutions, 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, 2024, 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. Other guarantees include promises to indemnify, defend, and hold harmless our directors, and certain officers. Such indemnification covers any expenses and liabilities reasonably incurred by a person, by reason of the fact that such person is, was, or has agreed to be a director or officer, in connection with the investigation, defense, and settlement of any threatened, pending, or contemplated action, suit, proceeding, or claim. 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 of Directors (the "Board"). As a result, we have not recorded any liabilities related to such indemnifications as of March 31, 2024. 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 our unaudited Condensed Consolidated Statements of Income (the "Income Statements").

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

	Quarter Ended	
	March 31, 2024	March 31, 2023
Basic weighted-average common shares	28,516	30,418
Dilutive effect of restricted common stock	281	191
Diluted weighted-average common shares	28,797	30,609

The dilutive effect of restricted common stock is computed using the treasury stock method. The dilutive effect of the 2023 Convertible Notes is computed using the if-converted method and will only have an effect in those quarterly periods in which our average stock price exceeds the current effective conversion price.

Potentially dilutive common shares related to non-participating unvested restricted stock and stock warrants were excluded from the computation of diluted EPS, as the effect was anti-dilutive, and were not material in any period presented. Stock warrants (see Note 9) will only have a dilutive effect upon vesting in those periods in which our average stock price exceeds the exercise price of \$26.68 per warrant.

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 quarter of 2024, we repurchased approximately 185,000 shares of our common stock for \$9.6 million (weighted-average price of \$51.96 per share) under a SEC Rule 10b5-1 Plan. We did not make any share repurchases during the first quarter of 2023.

The excise tax imposed as part of the 2022 Inflation Reduction Act, which is included as a cost of treasury stock, is not reflected in the share repurchase amount above.

As of March 31, 2024, the total remaining value of shares available for repurchase under the Stock Repurchase Program totaled \$86.2 million.

Stock Repurchases for Tax Withholdings. In addition to the above-mentioned stock repurchases, during the first quarters of 2024 and 2023, we repurchased and then cancelled approximately 159,000 shares of common stock for \$8.5 million and approximately 166,000 shares of common stock for \$9.3 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plan.

Cash Dividends. During the first quarter of 2024, our Board approved a quarterly cash dividend of \$0.30 per share of common stock, totaling \$8.9 million. During the first quarter of 2023, our Board approved a quarterly cash dividend of \$0.28 per share of common stock, totaling \$8.8 million.

Warrants. In July 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 solutions 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, 2024, 1.0 million Stock Warrants remain issued, none of which have 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. During the first quarter of 2024 we granted restricted stock awards to key members of management in the form of: (i) performance-based awards of approximately 155,000 restricted common stock shares, which vest in the first quarter of 2026 upon meeting certain pre-established financial performance objectives over a two-year performance period; and (ii) market-based awards of approximately 52,000 restricted common stock shares, which vest in the first quarter of 2027 upon meeting a relative total shareholder return performance achievement tier. Certain of these awards may vest (i.e., vesting accelerates) upon the involuntary termination of employment or a change in control, as defined, and the subsequent involuntary termination of employment.

During the first quarter of 2024, we also granted restricted stock awards to key members of management in the form of time-based awards of approximately 414,000 restricted common stock shares, which vest annually over three years with no restrictions other than the passage of time. Certain of these awards may vest (i.e., vesting accelerates) upon the involuntary termination of employment, 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 2024 and 2023 of \$7.7 million and \$6.4 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 2023 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 2023 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 global companies 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 experience, 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), B2C (business-to-consumer), and B2B2X (business-to-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, financial services, healthcare, insurance, and government entities.

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

Management Overview of Quarterly Results

First Quarter Highlights. A summary of our results of operations for the first quarter of 2024, when compared to the first quarter of 2023, is as follows (in thousands, except per share amounts and percentages):

	Quarter Ended	
	March 31, 2024	March 31, 2023
Revenue	\$ 295,135	\$ 298,739
Transaction fees (1)	25,062	21,973
Operating Results:		
Operating income	\$ 31,797	\$ 38,193
Operating margin percentage	10.8 %	12.8 %
Diluted EPS	\$ 0.68	\$ 0.68
Supplemental Data:		
Restructuring and reorganization charges (2)	\$ 1,998	\$ 5,194
Executive transition costs	352	-
Acquisition-related costs:		
Amortization of acquired intangible assets	2,852	3,209
Transaction-related costs	-	158
Stock-based compensation (2)	7,869	6,757

- (1) Transaction fees are primarily comprised of fees paid to third-party payment processors and financial institutions and interchange fees under our payment services contracts. Transaction fees are included in revenue in our Income Statement (and not netted against revenue) because we maintain control and act as the principal over the integrated service provided under our payment services customer contracts.
- (2) Restructuring and reorganization charges include stock-based compensation, which is not included in the stock-based compensation line in the table above, and depreciation, which has not been recorded to the depreciation line on our Income Statement.

Revenue. Revenue for the first quarter of 2024 was \$295.1 million, a 1.2% decrease when compared to revenue of \$298.7 million for the first quarter of 2023. The decrease in revenue is primarily attributed to lower software and services revenue in the first quarter of 2024, resulting from the closure of approximately \$10 million of software license upgrades in the first quarter of 2023. This was offset to a certain degree by the continued growth of our SaaS and related solutions revenue, to include our payments solutions.

Operating Results. Operating income for the first quarter of 2024 was \$31.8 million, or a 10.8% operating margin percentage, compared to \$38.2 million, or a 12.8% operating margin percentage for the first quarter of 2023. The decrease in operating income is mainly attributed to the higher software and services revenue recognized in the first quarter of 2023, discussed above, as the costs associated with this revenue is not generally dependent upon on the timing of the deal closure, offset to a certain degree by lower restructuring and reorganization charges.

Diluted EPS. Diluted EPS for the first quarter of 2024 and 2023 was \$0.68, for both periods, with the first quarter of 2024 benefiting primarily from foreign currency movements and a lower share count.

Cash and Cash Flows. As of March 31, 2024, we had cash and cash equivalents of \$120.8 million, as compared to \$186.3 million as of December 31, 2023. Our cash flows used in operating activities for the first quarter of 2024 were (\$29.4) million. Cash flows for the first quarter of 2024 were negatively impacted by unfavorable working capital changes, to include the payment of 2023 accrued employee incentive compensation. See the Liquidity section below for further discussion of our cash flows.

Significant Customer Relationships

A large percentage of our revenue is generated from a limited number of customers in the global communications industry, with our three largest customers being Charter Communications Inc. ("Charter"), Comcast, and DISH Network L.L.C.

Customer Concentration. We have significant customer concentration, with the following two customers exceeding 10% of our revenue (in thousands, except percentages):

	Quarter Ended				Quarter Ended				Quarter Ended			
	March 31, 2024				December 31, 2023				March 31, 2023			
	Amount	% of Revenue			Amount	% of Revenue			Amount	% of Revenue		
Charter	\$ 60,849	21 %			\$ 60,128	20 %			\$ 61,532	21 %		
Comcast	52,804	18 %			54,651	18 %			53,415	18 %		

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

	As of			
	March 31, 2024	December 31, 2023	March 31, 2023	
Charter	21 %	23 %	22 %	
Comcast	18 %	17 %	19 %	

See our 2023 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 large percentage of our future revenue from a limited number customers. There are inherent risks whenever a large percentage of total revenue is 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 financial or operating difficulties, it could have a material adverse effect on our financial position 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 2023 10-K.

Results of Operations

Revenue. Total revenue for the first quarter of 2024 was \$295.1 million, a 1.2% decrease when compared to \$298.7 million for the first quarter of 2023.

Revenue by type for the first quarters of 2024 and 2023 was as follows (in thousands):

	Quarter Ended		Quarter Ended	
	March 31, 2024		March 31, 2023	
SaaS and related solutions	\$ 261,695		\$ 257,876	
Software and services	22,394		30,891	
Maintenance	11,046		9,972	
Total revenue	\$ 295,135		\$ 298,739	

The decrease in revenue is primarily attributed to lower software and services revenue in the first quarter of 2024 resulting from the closure of approximately \$10 million of software license upgrades in the first quarter of 2023. This was offset to a certain degree by the continued growth of our SaaS and related solutions revenue, to include our payments 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 2024 and 2023 was as follows (in thousands):

	Quarter Ended	
	March 31, 2024	March 31, 2023
Americas (principally the U.S.)	\$ 254,538	\$ 250,976
Europe, Middle East, and Africa	26,829	36,673
Asia Pacific	13,768	11,090
Total revenue	\$ 295,135	\$ 298,739

Total Operating Expenses. Total operating expenses for the first quarter of 2024 were \$263.3 million, a 1.1% increase when compared to \$260.5 million for the first quarter of 2023. The increases in total operating expenses are reflective of the higher SaaS and related solutions revenue between periods, partially offset by the decrease in restructuring and reorganization charges, discussed below.

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

Cost of Revenue (Exclusive of Depreciation). The cost of revenue for the first quarter of 2024 was \$157.9 million, a 1.8% increase when compared to \$155.0 million for the first quarter of 2023. The increase in cost of revenue between periods is reflective of the increase in SaaS and related solutions revenue year-over-year. Total cost of revenue as a percentage of revenue for the first quarters of 2024 and 2023 was 53.5% and 51.9%, respectively.

R&D Expense (Exclusive of Depreciation). R&D expense for the first quarter of 2024 was \$36.1 million, a 1.8% increase when compared to \$35.5 million for the first quarter of 2023. The increase in R&D expense between periods is mainly attributed to increased employee-related costs. Our R&D efforts are focused on the continued evolution of our solutions that enable us to launch, monetize, and scale new digital services quickly and across any channel, while delivering an exceptional customer experience. As a percentage of total revenue, R&D expense for the first quarters of 2024 and 2023 was 12.2% and 11.9%, respectively.

Selling, General, and Administrative ("SG&A") Expense (Exclusive of Depreciation). SG&A expense for the first quarter of 2024 was \$61.7 million, a 4.4% increase when compared to \$59.1 million for the first quarter of 2023. The increase in SG&A expense is primarily attributed to increases in employee-related costs, to include stock-based compensation and travel expense. As a percentage of total revenue, SG&A expense for the first quarters of 2024 and 2023 was 20.9% and 19.8%, respectively.

Restructuring and Reorganization Charges. Restructuring and reorganization charges for the first quarter of 2024 were \$2.0 million, a \$3.2 million decrease when compared to \$5.2 million for the first quarter of 2023. The restructuring and reorganization charges for the first quarter of 2024 relate mainly to a reduction in workforce resulting in restructuring charges related to involuntary terminations of \$1.6 million.

See Note 6 to our Financial Statements for additional discussion.

Operating Income. Operating income for the first quarter of 2024 was \$31.8 million, or 10.8% of total revenue, compared to \$38.2 million, or 12.8% of total revenue for the first quarter of 2023. The decrease in operating income is mainly attributed to the \$10 million of software license revenue recognized in the first quarter of 2023, discussed above, as the cost associated with this revenue is not generally dependent upon on the timing of the deal closures, offset to a certain degree by lower restructuring and reorganization charges.

Interest Expense. Interest expense for the first quarter of 2024 was \$7.5 million, a 4.0% increase when compared to \$7.2 million for the first quarter of 2023. Our interest expense relates primarily to the 2023 Convertible Notes and 2021 Credit Agreement. The increase in interest expense between periods can be attributed to a higher outstanding debt balance during the first quarter of 2024, partially offset by a lower average interest rate.

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

Interest Income. Interest income for the first quarter of 2024 was \$2.6 million, a \$2.0 million increase when compared to \$0.6 million for the first quarter of 2023, with the increase primarily attributed to certain settlement assets being swept into overnight money market accounts on a daily basis.

Other, net. Other, net for the first quarter of 2024 was \$0.6 million of other income, a \$3.0 million change when compared to \$2.4 million of other expense for the first quarter of 2023, with the change primarily attributed to foreign currency movements.

Income Tax Provision. The effective income tax rates for the first quarters of 2024 and 2023 were 29% and 28%, respectively. Our estimated full year 2024 effective income tax rate is approximately 29%, a slight increase when compared to our 2023 full year rate of approximately 28%.

Liquidity

Cash and Liquidity. As of March 31, 2024, our principal sources of liquidity included cash and cash equivalents of \$120.8 million, compared to \$186.3 million as of December 31, 2023.

As part of our 2021 Credit Agreement, we have a \$450.0 million senior secured revolving loan facility with a syndicate of financial institutions that expires in September 2026, the 2021 Revolver. As of March 31, 2024, there were no borrowings outstanding on the 2021 Revolver balance, however we issued a standby letter of credit for \$1.2 million that counts against the available 2021 Revolver balance. In April 2024, we borrowed \$15.0 million on the 2021 Revolver, for general corporate purposes, currently leaving \$433.8 million available to us. The 2021 Credit Agreement contains customary affirmative, negative, and financial covenants. As of March 31, 2024, and the date of this filing, we believe we are in compliance with the provisions of the 2021 Credit Agreement.

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

	March 31, 2024	December 31, 2023
Americas (principally the U.S.)	\$ 87,718	\$ 142,515
Europe, Middle East and Africa	22,311	32,974
Asia Pacific	10,781	10,775
Total cash and cash equivalents	\$ 120,810	\$ 186,264

We generally have ready access to substantially all of our cash and cash equivalents, 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, 2024 and December 31, 2024, we had \$2.9 million, for both periods, of cash restricted as to use primarily to collateralize guarantees and outstanding letters of credit included in our other current and non-current asset balances. In addition, as of March 31, 2024 and December 31, 2023, we had \$193.0 million and \$274.7 million, respectively, of settlement and merchant reserve assets which are deemed restricted due to contractual restrictions with the merchants and restrictions arising from our policy and intention. It has historically been our policy to segregate settlement and merchant reserve assets from our operating cash balances and we intend to continue to do so.

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, impairments, gain/loss on items such as investments, lease modifications, and debt extinguishments/conversions, unrealized foreign currency transactions gain/loss, deferred income taxes, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities. See our 2023 10-K for a description of the primary uses and sources of our cash flows from operating activities.

Our 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):

	Operations	Changes in Operating Asset and Liabilities	Net Cash Provided by (Used In) Operating Activities – Totals
Cash Flows from Operating Activities:			
2024:			
March 31 (1)	\$ 51,655	\$ (81,006)	\$ (29,351)
2023:			
March 31 (2)	\$ 50,158	\$ (34,761)	\$ 15,397
(1)	Cash flows from operating activities for the first quarter of 2024 were negatively impacted by unfavorable working capital changes, to include the impact of the payment of the 2023 year-end accrued employee incentive compensation and timing of trade accounts receivable.		
(2)	Cash flows from operating activities for the first quarter 2023 reflect the impact of the payment of the 2022 year-end accrued employee incentive compensation.		

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, billing milestones, 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 2024 and 2023 that impacted our cash flows from operating activities are as follows:

Billed Trade Accounts Receivable

Management of our billed trade accounts receivable is one of the primary factors in maintaining strong cash flows from operating activities. These balances include 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 billed trade 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 expected losses ("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):

Quarter Ended	Gross	Allowance	Net Billed	DBOs
2024:				
March 31	\$ 281,051	\$ (5,692)	\$ 275,359	67
2023:				
March 31	\$ 261,028	\$ (5,254)	\$ 255,774	68

As of March 31, 2024 and 2023, approximately 95%, for both periods, of our net billed trade accounts receivable balances 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 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 trade 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 software and professional services transactions. As a result, we may experience fluctuations in our trade accounts receivable balance as our ability to invoice and collect arrangement fees is 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 and dates; (iii) the overall project status in certain situations in which we act as a subcontractor to another vendor on a project; or (iv) currency controls in certain foreign jurisdictions.

Unbilled Trade Accounts Receivable

Unbilled trade accounts receivable increased \$2.1 million to \$84.3 million as of March 31, 2024, from \$82.2 million as of December 31, 2023. These unbilled trade accounts receivable balances relate primarily to large implementation projects where various milestone and contractual billing dates have not yet been reached or delayed. Unbilled trade accounts receivable are an inherent characteristic of certain software and services transactions and may fluctuate between quarters, as these types of transactions typically have scheduled invoicing terms over several quarters, as well as certain milestone billing events.

Accrued Employee Compensation

Accrued employee compensation decreased \$40.4 million to \$44.0 million as of March 31, 2024, from \$84.4 million as of December 31, 2023, due primarily to the payment of the 2023 employee incentive compensation during the first quarter of 2024 that was fully accrued at December 31, 2023.

Other Current and Non-current Liabilities

Other current and non-current liabilities decreased \$11.9 million to \$34.5 million as of March 31, 2024, from \$46.4 million as of December 31, 2023, primarily due to a decrease of \$4.3 million related to accrued interest on our outstanding debt and payments related to the exit of our reseller agreements of \$3.8 million.

Cash Flows From Investing Activities. Our typical investing activities consist of purchases of software, property, and equipment, which are discussed below.

Purchases of Software, Property, and Equipment

Our capital expenditures for the first quarters of 2024 and 2023 for software, property, and equipment were \$4.8 million and \$8.7 million, respectively, and consisted principally of investments in: (i) software and related equipment; and (ii) computer hardware.

Cash Flows From Financing Activities. Our financing activities typically consist of activities with our common stock, various debt-related transactions, and settlement and merchant reserve activity.

Cash Dividends Paid on Common Stock

During the first quarters of 2024 and 2023, our Board approved dividends totaling \$8.9 million and \$8.8 million, respectively, and we made dividend payments of \$9.5 million and \$9.1 million, respectively, with the differences between the amount approved and paid attributed to dividends accrued on unvested incentive shares that are paid upon vesting.

Repurchase of Common Stock

During the first quarter of 2024, we repurchased approximately 185,000 shares of our common stock under our Stock Repurchase Program for \$9.6 million. We did not make any share repurchases during the first quarter of 2023.

Additionally, outside of our Stock Repurchase Program, during the first quarters of 2024 and 2023, we repurchased from our employees and then canceled approximately 159,000 and 166,000 shares of our common stock, respectively, for \$8.5 million and \$9.3 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

Through the first quarters of 2024 and 2023, we have paid \$18.0 million and \$9.3 million, respectively, for our total repurchases of common stock, with any differences when compared to the amounts purchased attributed to the timing of the settlement.

See Note 9 to our Financial Statements for additional discussion of our repurchases of common stock.

Long-Term Debt

During the first quarters of 2024 and 2023, we made principal repayments on our 2021 Term Loan of \$1.9 million during each period. Additionally, during the first quarter of 2023, we borrowed \$30.0 million from our 2021 Revolver for general corporate purposes.

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 2024 and 2023, we had net settlement and merchant reserve activity of \$82.2 million and \$61.5 million, respectively, related to the cash collected, held on behalf, and paid to our merchants related to our payments services and the net change in deposits held on behalf of 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.

See Note 2 to our Financial Statements for additional discussion of our settlement and merchant reserves.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements are mainly limited to money transmitter bonds, performance bonds, and a standby letter of credit. 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 operations, 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 and Cash Equivalents. As of March 31, 2024, we had cash and cash equivalents of \$120.8 million, of which approximately 66% is in U.S. dollars and held in the U.S. 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, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences.
- 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, although we may experience quarterly variations in our cash flows from operations related to the changes in our operating assets and liabilities.
- Revolving Loan Facility. As part of our 2021 Credit Agreement, we have a \$450.0 million revolving loan facility, the 2021 Revolver. As of March 31, 2024, we had no borrowings outstanding on the 2021 Revolver, however we had issued a standby letter of credit for \$1.2 million that counts against the available 2021 Revolver balance. In April 2024, we borrowed \$15.0 million on the 2021 Revolver, currently leaving \$433.8 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, 2024, we had \$86.2 million 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 2024, we repurchased approximately 185,000 shares of our common stock for \$9.6 million (weighted-average price of \$51.96 per share).

Outside of our Stock Repurchase Program, during the first quarter of 2024, we repurchased from our employees and then cancelled approximately 159,000 shares of our common stock for \$8.5 million 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 2024, the Board declared dividends totaling \$8.9 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 previous acquisition activity, during the first quarter of 2024 we made \$0.5 million of deferred acquisition payments. We expect to pay an additional \$2.0 million in 2024 and \$0.3 million in 2025 related to these past acquisitions. Additionally, there are provisions for up to approximately \$13 million of potential future earn-out payments. The earn-out period is through September 30, 2025.

On April 1, 2024, we acquired certain assets of a customer communication services business that operates in multiple industry verticals for a purchase price of \$11.5 million, subject to customary working capital adjustments.

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.

- **Exit of Reseller Agreements.** During 2023, we exited out of two reseller agreements that were acquired with the acquisition of Forte Payment Systems, Inc. in 2018, at a total cost of \$9.9 million, of which \$1.8 million was paid in 2023. We paid \$3.8 million during the first quarter of 2024, with an additional \$1.8 million to be paid in the second quarter of 2024. Of the remaining \$2.5 million, \$1.3 million will be paid in 2025 and \$1.2 million will be paid in 2026.
- **Capital Expenditures.** During the first quarter of 2024, we spent \$4.8 million on capital expenditures.
- **Stock Warrants.** In July 2014, we issued stock warrants with an exercise price of \$26.68 per warrant to Comcast as an incentive for Comcast to convert new customer accounts onto our solutions. 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, 2024, 1.0 million stock warrants were outstanding, none of which were vested.

The stock warrants are discussed in more detail in Note 9 to our Financial Statements.

- **Long-Term Debt.** As of March 31, 2024, our long-term debt consisted of the following: (i) 2023 Convertible Notes in the principal aggregate amount of \$425.0 million; and (ii) 2021 Credit Agreement term loan borrowings of \$131.3 million.

2023 Convertible Notes. The 2023 Convertible Notes are convertible at the option of the note holders before June 15, 2028 upon the occurrence of certain events, however, there are no scheduled conversion triggers over the next twelve months. As a result, we expect our required debt service cash outlay during the next twelve months for the 2023 Convertible Notes to be limited to interest payments of \$16.5 million.

2021 Credit Agreement. The mandatory repayments under our 2021 Credit Agreement 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 (to include the \$15.0 million that was borrowed in April 2024, assuming no further amounts are borrowed, and the amount is not paid down) is \$9.9 million. We have the ability to make prepayments without penalties 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 and cash equivalents 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 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, 2024, we are exposed to various market risks, including changes in interest rates, fluctuations and changes in the market value of our cash equivalents and settlement and merchant reserve assets, 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 rate on our 2023 Convertible Notes is fixed, and thus, as it relates to our convertible debt borrowings, we are not exposed to changes in interest rates.

The interest rates on our 2021 Credit Agreement are based upon an adjusted SOFR rate (including 0.10% credit spread adjustment) plus an applicable margin, or an ABR plus an applicable margin. See Note 4 to our Financial Statements for further details related to our long-term debt.

A hypothetical adverse change of 10% in the March 31, 2024 adjusted SOFR rate would not have a material impact upon our results of operations.

Market Risk

Cash and Cash Equivalents. Our cash and cash equivalents as of March 31, 2024 and December 31, 2023 were \$120.8 million and \$186.3 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. Our cash equivalents are invested primarily in institutional money market funds held at major banks. We have minimal market risk for our cash and cash equivalents due to the relatively short maturities of the instruments.

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, 2024 and December 31, 2023, we had \$193.0 million and \$274.7 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. Certain settlement assets are swept into overnight money market accounts on a daily basis.

Long-Term Debt. The fair value of our convertible debt is exposed to market risk. We do not carry our convertible debt at fair value but present the fair value for disclosure purposes (see Note 2 to our Financial Statements). Generally, the fair value of our convertible debt is impacted by changes in interest rates and changes in the price and volatility of our common stock. As of March 31, 2024, the fair value of the 2023 Convertible Notes was estimated at \$420.9 million, using quoted market prices.

Foreign Currency Exchange Rate Risk

Due to foreign operations around the world, our financial statements are exposed to foreign currency exchange risk due to the fluctuations in the value of currencies in which we conduct business. Our principal currency exposures include the British Pound, Euro, Australian Dollar, Saudi Riyal, and South African Rand. 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. In particular, if the U.S. Dollar were to strengthen it would reduce the reported amount of our foreign-denominated cash, cash equivalents, trade receivables, total revenues and total expenses that we translate into U.S. Dollars and report in our consolidated financial statements for, and as of the end of, each reporting period.

During the first quarter of 2024, we generated approximately 89% 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.

We have analyzed our foreign currency exposure as of March 31, 2024. A hypothetical adverse change of 10% in the March 31, 2024 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. In the opinion of our management, 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 2023 10-K. There were no material changes to the risk factors disclosed in our 2023 10-K during the first quarter of 2024.

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 2024 by CSG Systems International, Inc. or any "affiliated purchaser" of CSG Systems International, Inc., as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended.

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 Dollar Value of Shares that May Yet Be Purchased Under the Program (2)
January 1 - January 31	69,891	\$ 52.05	63,000	\$ 92,490,750
February 1 - February 29	101,128	52.38	61,500	89,303,392
March 1 - March 31	172,518	53.57	60,000	86,173,096
Total	343,537	\$ 52.91	184,500	

(1) The total number of shares repurchased 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 under our Stock Repurchase Program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

(c) Rule 10b5-1 Trading Plans

During the first quarter of 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits

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

CSG SYSTEMS INTERNATIONAL, INC.
EXHIBIT INDEX

Exhibit Number	Description
10.28D	<u>Fifth Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28E	<u>Sixth Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.85	<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 With Embedded Linkbase Documents
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 2, 2024

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/ Lori J. Szwaneck

Lori J. Szwaneck
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 (***).

FIFTH AMENDMENT
TO
AMENDED AND RESTATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC

This Fifth 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 Amended and Restated CSG Master Subscriber Management System Agreement effective as of January 1, 2022 (CSG document no. 44754), 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.

WHEREAS, CSG and Customer acknowledge and agree CSG provides and Customer consumes CSG’s Message Manager Services under the Agreement; and

WHEREAS, CSG desires and Customer acknowledges and agrees the CSG Message Manager Services shall be renamed to Bill Composer; and

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 Amendment Effective Date (as defined below).

1. **Article 12, “General Terms and Conditions,” Section 12.9, “Notices,” CSG’s address is hereby deleted in its entirety and replaced as follows:**

If to CSG:

CSG Systems, Inc.
169 Inverness Drive West, Suite 300
Englewood, CO 80112
Attn: [***** with a copy to
*****]
Email: [*****]

2. **CSG desires and Customer acknowledges and agrees the CSG Message Manager Services shall be renamed to Bill Composer. Therefore, upon execution of this Amendment, Section 8 of Exhibit C-2, “Print and Mail,” to Schedule C, “Recurring Services,” is hereby deleted in its entirety and replaced as follows:**

8. **Bill Composer.** Bill Composer is a fully hosted web application that will provide Customer with the ability to compose and maintain document and web enabled messages from robust statement message composition, prioritization, rich text, basic selectivity, and with preview and reporting capabilities.

CSG and Customer acknowledge and agree the CSG Service entitled IntelligentHome Order Entry Enhancement is no longer provided by CSG to Customer and Customer no longer consumes IntelligentHome Order Entry Enhancement.

Delete "IntelligentHome Order Entry Enhancement" description from "CRE Enhancements" of the "Custom Rules Engine ("CRE")" Recurring Services Description; and

(i) Subsection E, “IntelligentHome Order Entry Enhancement,” of Section X, “Custom Implementation Services, of Section 1, “Services,” of “Index” of Schedule F is hereby deleted and replaced as “Reserved.”

(ii) Subsection E, “IntelligentHome Order Entry Enhancement,” of Section X, “Custom Implementation Services, of Section 1, “Services,” of Schedule F is hereby deleted in its entirety and replaced as “Reserved.”

4. The parties desire to amend Exhibit C-12 "Ascendon Services" to the Agreement, to correct formatting and section references. Accordingly, Exhibit C-12 is deleted in its entirety and replaced with Exhibit C-12, attached hereto and incorporated herein by reference as Attachment A.

5. The parties further agree to amend the Agreement to correct Schedule F clerical errors or omissions identified by the parties subsequent to the Signature Date of the Agreement, as follows:

(a) The parties desire to update the Agreement to correctly reflect that “compliant” and “non-compliant” “Delivery SLAs” are not applicable for the Extract Processing Fee under the Agreement. As a result, Schedule F, “Fees,” Section 1, “CSG Services,” Section X, “Custom Implementation Services,” subsection I, “[*****] Financial Extracts,” is deleted in its entirety and replaced as follows:

I. [*****] Financial Extracts

Financial Extracts		Description of Item/Unit of Measure	Frequency	Fee
1.	Revenue Transaction Earned/Unearned Data Extract			
a.	Design, development and programming (Note 1)		*****	*****
b.	Extract Processing Fee (per [**** *]) (Note 2)		*****	
i.	[*****] Delivery		*****	*****
ii.	[*****] Delivery		*****	*****
2.	Account Delinquency and Bad Debt Data Extract			
a.	Design, development and programming (Note 1)		*****	*****
b.	Extract Processing Fee (per [**** *]) (Note 2)		*****	
i.	[*****] Delivery		*****	*****
ii.	[*****] Delivery		*****	*****

Note 1: In the event Customer requests additional design, development, programming services for [REDACTED] Financial Extracts, such services and the associated fees shall be provided pursuant to a mutually agreed upon Statement of Work.

Note 2: CSG shall provide the [REDACTED] Financial Extracts by [REDACTED] Delivery or [REDACTED] Delivery, as defined below. For clarification, [REDACTED] Delivery is [REDACTED] delivery following the delivery of all other financial data delivered as part of [REDACTED] reports [REDACTED] Delivery." [REDACTED] Delivery is delivery by [REDACTED] (assuming [REDACTED] Delivery). Customer and CSG have further agreed CSG shall deliver the [REDACTED] Financial Extract by [REDACTED] Delivery and therefore the associated fees for delivery shall be waived. Customer may require CSG to deliver by [REDACTED] Delivery by requesting [REDACTED] prior to the date of delivery of the [REDACTED] Financial Extract and the Extract Processing Fees [REDACTED].

(b) The parties desire to update the Agreement for work never performed or invoiced or utilized. As a result, Schedule E, "Fees," Section 1, "CSG Services," Section X, "Custom Implementation Services," subsection

M. "Non-ACP Commercial Accounts Equipment Data Files Maintenance and Support," is deleted in its entirety and replaced as follows:

M. Deliberately Left Blank.

- (c) The parties desire to update the Agreement to amend line item 2.a. to correctly identify the number of Connected Subscribers in the first tier of Connected Subscribers for [*****] Services API Support Services Fees. As a result, Schedule F, "Fees," Section I., "CSG Services," Section II, "Interfaces," subsection F, "[*****] Services API," is deleted in its entirety and replaced as follows:

F. [*****] Services API

Description of Item/Unit of Measure		Frequency	Fee
1. Development and Implementation Fees (Note 1)		[****]	*****
2. Recurring Per-Connected Subscriber [*****] Services API Support Services Fees (Note 2) (Note 5) (Note 6)			
a. Up to [*****] Connected Subscribers (Note 3)		[*****]	*****
b. Each [*****] Connected Subscribers (Note 4) (Note 8)		[*****]	*****
c. Additional [*****] Fees; i.e., [***] for each CSG data center (Note 7) (Note 8)		[*****]	*****

Note 1: Development and Implementation of additional functionality of the [*****] Services API and associated fees provided pursuant to a mutually agreed upon Statement of Work or Change Order.

Note 2: Recurring Per-Connected Subscriber [*****] Services API Support Services Fees include Customer's consumption of CSG's [*****] Services API from Customer's Connected Subscribers via the following Customer channels:

(i) [*****] via Customer's Customer Service Representatives; and

(ii) [*****] for direct access for Customer's Connected Subscribers via Customer's website; and

(iii) [*****] channel for Customer's SMB subscribers via Customer's [*****] application collectively, the Customer channels consuming [*****] Services API.

Note 3: CSG and Customer have agreed CSG will provide Customer with a [*****] credit. Each such credit will be applied to the same invoice for which the associated support fee is invoiced.

Note 4: In the event the number of Customer's Connected Subscribers [*****], the fees specified above as "Each [*****] Connected Subscribers Fees" shall apply; for example, if the Connected Subscriber count is [*****], CSG will invoice Customer and Customer will pay CSG [*****]. CSG will invoice Customer and Customer will pay CSG [*****].

Note 5: The Recurring Per-Connected Subscriber [*****] Services API Support Services Fees, referenced above, will be subject to the annual adjustment for fees, pursuant to Section 5.3 of the Agreement commencing January 1, 2024.

Note 6: Recurring Per-Connected Subscriber [*****] Services API Support Services are required for Customer's on-going use of the [*****] Services API.

Note 7: Production environment is currently sized for [***] servers in each of CSG's data centers for a total of [*****] servers.

Note 8: Following activation of the Buyflow and Commercial channels or any further mutually agreed upon additional Customer channels, CSG and Customer agree to review [*****] Services API volume on an [*****] basis but in any event no less than an [*****] basis in October of each [*****] to evaluate appropriate sizing of servers based on Customer's then-current [*****] Services API volume. Additional servers will be added as agreed by the parties (email is sufficient) pursuant to the fees specified for the Additional [*****] fees in 2(c) above.

6. The parties acknowledge and agree pursuant to Section 1.3 of the Agreement, entitled "Outstanding Statements of Work, Change Orders and E-SOWs," certain documents executed pursuant to the Original Agreement, and not [*****], were identified in Schedule J of the Agreement to be governed by, performed and paid in accordance with the terms of the Agreement after the [*****]. The parties further acknowledge and agree that [*****] (CSG document no. 4119716) should have been identified in Schedule J of the Agreement as Ascendon Service Order No. 1 had not been [*****]. Accordingly, the parties acknowledge and agree that effective as of the [*****], [*****] (CSG document no. 4119716) has been in full force and effect and has been and will continue to be governed by, performed and paid in accordance with the terms and conditions of the Agreement until such Ascendon Service Order No. 1 expires or is otherwise terminated.

[Remainder of Page Deliberately Left Blank; Signature Page Follows]

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

CHARTER COMMUNICATIONS OPERATING, LLC CSG SYSTEMS, INC. (“CSG”)
 (“CUSTOMER”)

By: Charter Communications, Inc., its Manager

By: /s/ Stephanie Babin	By: /s/ Michael J Woods
Title: SVP Billing Design	Title: President, CMT
Name: Stephanie Babin	Name: Michael Woods
Date: Mar 6, 2024	Date: Mar 3, 2024

ATTACHMENT A
to
FIFTH AMENDMENT

Exhibit C-12

Ascendon Services

ARTICLE 1
GENERAL

ARTICLE 1. GENERAL

1.1 Definitions.

(a) Capitalized terms used but not defined in this Exhibit shall have the definitions set forth in the Agreement or Attachment 1.1(a). The Parties acknowledge the defined terms in this Exhibit, including Attachment 1.1(a), but not defined in the Agreement, shall apply solely to the Ascendon System and Ascendon Services.

(b) For purposes of applying the general terms and conditions of the Agreement to the Ascendon System and Ascendon Services prescribed in this Exhibit and any Order Document (defined below) executed hereunder, and after giving effect to the amendments and clarification of terms of the Agreement that apply to the Ascendon System and Ascendon Services as set forth in this Exhibit, the following definitional principles under the Agreement shall apply as follows with respect to the Ascendon System and Ascendon Services:

- (i) each reference in the Agreement to a Deliverable shall be deemed to include a reference to an identifiable work product to be delivered by CSG to Customer as specified in a Statement of Work executed pursuant to an Ascendon Service Order;
 - (ii) the Ascendon System shall be deemed a Product under the Agreement; provided such characterization (1) is only for purposes of applying the general terms and conditions of the Agreement and (2) shall not affect the characterization of the Ascendon System and the Ascendon Services performed in connection therewith as SaaS for tax purposes;
 - (iii) except as specifically provided in an Ascendon Service Order, a Consumer accessing the Ascendon System or using or receiving Ascendon SaaS Services shall not be deemed a Subscriber, Connected Subscriber or similar term for purposes of determining under the Agreement or any Statement of Work executed under the Agreement (x) applicable fees for any Products or Services other than the Ascendon System or Ascendon SaaS Services and/or (y) Customer's compliance with any minimum fee purchases or Subscriber commitments (e.g., [*****], etc.) with respect to any Products or Services other than the Ascendon System or Ascendon SaaS Services;
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- (iv) each reference to Customer Intellectual Property shall be deemed to include Customer Applications (if any), Customer Integrations, Customer Content and Customer Site(s);
- (v) each reference to Support Services shall be deemed a reference to Ascendon Support Services (as defined in Section 4.1 below); and
- (vi) each reference to Updates shall be deemed a reference to Ascendon Updates (as defined in Section 4.1 below).

- 1.2 Scope and Conflict.** This Exhibit, including all Attachments and Schedules attached hereto, specifically applies to CSG's performance and/or provision, and Customer's use and receipt of the Ascendon System and Ascendon Services. Unless otherwise expressly provided in this Exhibit or an applicable Order Document (as defined below), in no event will any terms, conditions or fees set forth in this Exhibit or an applicable Order Document apply to CSG's or Customer's rights and obligations with respect to any Products or Services made available by CSG to Customer that are not the Ascendon System or Ascendon Services. Similarly, in no event will any terms or conditions set forth in this Exhibit or an applicable Order Document alter or modify the rights or remedies of Customer and/or CSG under the Agreement in the event of termination of the Agreement in its entirety or a particular Product or Service provided by CSG to Customer under the Agreement that are not the Ascendon System and/or Ascendon Services. Except as provided in this Exhibit or an applicable Order Document, all other terms of the Agreement which are not in conflict with this Exhibit or such Order Document shall be given full force and effect with respect to each Party's performance under the Agreement, as modified by this Exhibit and/or an Order Document. In the event of a conflict between the terms of the Agreement and the terms of this Exhibit, the terms of this Exhibit shall control and take precedence with respect to the provision and use of the Ascendon System and Ascendon Services. In the event of conflict between the terms of an Order Document and the terms of the Agreement and/or this Exhibit, the terms of the Order Document shall control and take precedence with respect to the provision and use of the Ascendon System and Ascendon Services.
- 1.3 Ascendon Service Order.** This Exhibit and the applicable terms of the Agreement prescribe the general terms and conditions of CSG's performance and provision of the Ascendon SaaS Services to Customer. A Customer's right to access and utilize the Ascendon System and Ascendon SaaS Services requires Customer to execute with CSG an Ascendon Service Order under this Exhibit. Each Ascendon Service Order shall specify an "Order Term" (as defined in such Ascendon Service Order) and will continue in full force and effect, unless such Ascendon Service Order expires in accordance with its terms or is terminated earlier pursuant to Article 6 of the Agreement or Sections 6.1 or 6.2 or Attachment 4 of this Exhibit.
- 1.4 Statements of Work.** In connection with Customer's deployment and use of the Ascendon System and Ascendon SaaS Services CSG shall provide certain Technical Services required by and described in one or more Statements(s) of Work, which the Parties may mutually agree to in writing from time to time. Each Statement of Work shall be consecutively numbered and titled based on (a) the Ascendon Service Order for which such Technical Services are to be performed and (b) the date such Statement of Work is executed. By way of example, the first Statement of Work executed under Ascendon Service Order No. 1 is titled "Statement of Work No. 1 to Ascendon Service Order No. 1" and the first Statement of Work executed under Ascendon Service Order No. 2 shall be titled "Statement of Work No. 1 to Ascendon Service Order No. 2", etc. Customer will pay CSG the fee(s) and, to the extent applicable, Reimbursable Expenses, for the
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1.5 Payment Terms. Customer acknowledges that CSG shall provide Customer invoices for the Ascendon Services independent from CSG's invoices for other CSG Products and Services that are not Ascendon Services. All fees and Reimbursable Expenses under any Ascendon Service Order or Statement of Work under an Ascendon Service Order will be paid in accordance with the Agreement.

1.7 **License to Specific Deliverables.** For those Deliverables identified in a Statement of Work as a Section 1.7 Deliverable (as defined below), and subject to the payment by Customer of all applicable Technical Services fees related to such Section 1.7 Deliverable and the restrictions set forth in this section, CSG hereby grants to Customer a [*****] to ***** Section 1.7 Deliverable and all ***** Section 1.7 Deliverable (including, *****). For the avoidance of doubt, the foregoing ***** excludes any ***** of any Section 1.7

1.7 **License to Specific Deliverables.** For those Deliverables identified in a Statement of Work as a Section 1.7 Deliverable (as defined below), and subject to the payment by Customer of all applicable Technical Services fees related to such Section 1.7 Deliverable and the restrictions set forth in this section, CSG hereby grants to Customer a [*****] to **** Section 1.7 Deliverable and all ***** Section 1.7 Deliverable (including, ****). For the avoidance of doubt, the foregoing ***** excludes any ***** of any Section 1.7

Deliverable ***** As used herein, a “Section 1.7 Deliverable” means a tangible deliverable provided by CSG to Customer, ***** that (a) is an ***** and (b) Customer ***** as specified in the applicable SOW. For the avoidance of doubt, a Section 1.7 Deliverable shall specifically exclude a Deliverable that is (i) ***** (including, ***** or (ii) with respect to *****]. Further, Customer acknowledges that unless otherwise specifically referenced in an SOW, Customer [***** (1) be entitled to the ***** that relates to a Section 1.7 Deliverable or (2) ***** included in such Section 1.7 Deliverable, ***** Section 1.7 Deliverable. Nothing in this Section 1.7 shall be deemed to ***** set forth in Section 2.1 below and/or an Order Document.

ARTICLE 2. ASCENDON SYSTEM – RIGHTS OF USE; RESTRICTIONS

2.1 Rights Grant. This Section 2.1 shall (x) apply to the Ascendon SaaS Services in lieu of Sections 2.1(a) and (b) and 2.2 of the Agreement and (y) amend the Agreement to include the following terms and restrictions relative to the rights of use grant with respect to the Ascendon System and Ascendon SaaS Services.

- (a) CSG [***** (subject to Section 12.7 of the Agreement), ***** (except to the extent expressly set out in the Agreement), ***** during the applicable Ascendon Order Term and Ascendon Transition Period to (i) ***** the Customer Ascendon Solution (as defined under Section 2.1(c) below and further described in and pursuant to each applicable Ascendon Service Order) for Customer’s *****, which includes ***** of Consumer Experiences (as described in and pursuant to each applicable Ascendon Service Order, if applicable) by Consumers; (ii) ***** the Ascendon Documentation as required to support its *****; (iii) ***** the Ascendon Documentation in connection with the ***** for Customer and Outsource Vendors (collectively, “Charter User Guides”) and to ***** of the Ascendon Documentation, as incorporated in any Charter User Guides, to Outsource Vendors; and (iv) ***** the Ascendon System Back Office Applications as specified in an Ascendon Service Order, Ascendon Documentation and Charter User Guides as provided in foregoing clauses (ii) and (iii) above in the ***** Approved Countries by Customer and their Outsource Vendors for Customer’s *****].

(b) In addition to the restrictions set forth in Section 2.4 of the Agreement, Customer shall not, nor authorize or permit any third party to (i) [*****] to any entity or person other than Customer’s authorized employees or Customer Vendors using the Ascendon System on Customer’s behalf and at the direction of Customer, or (ii) use the Ascendon System for purposes other than permitted in this Agreement or an applicable Order Document. Without limiting the application of Section 2.8 of the Agreement, Customer shall be responsible for any breach of the terms, conditions and restrictions of this Agreement or an Order Document by its employees and Customer Vendors and any of

its Affiliate's employees, consultants, agents and contractors that access the Ascendon System, Services or CSG Confidential Information pursuant to such Order Document.

(c) Section 2.3 of the Agreement all restrictions related to "Designated Environments" under the Agreement will not apply to the Ascendon System.

(d) CSG may discontinue the supply and support of a given Ascendon Element or Consumer Experience provided to Customer under an Ascendon Service Order (i) as provided in and subject to the provisions of Section 2.2 of this Exhibit and Section 7.2 (iii) of the Agreement, (ii) if a Third Party Product or such Ascendon Element or Consumer Experience requires the use of a Third Party Product, CSG can no longer [*****] of such Third Party Product despite its commercially reasonable best efforts to do so, (iii) if the continued [*****] that, after commercially reasonable best efforts, cannot be mitigated or (y) causes or will cause CSG to [*****]; so long as in any case under (i)-(iii) above: (1) CSG makes available a replacement that provide [*****] based on support of Customer's then current use of the Ascendon System and Ascendon SaaS Services and on comparable fees, terms and conditions as the discontinued Ascendon Element or Consumer Experience; (2) CSG allows Customer such time as it reasonably requires to transition to any such replacement with (A) no less than [*****] if CSG initiates such discontinuance and (B) that period of time permitted by the third party provider that initiates or is responsible for such discontinuance; and (3) CSG performs such transitional and integration services as are reasonably necessary to facilitate the transition at no cost to Customer.

(e) In lieu of the rights granted to an Acquiring Entity under an Interim Agreement, as contemplated in Section 2.4(a) of the Agreement, the following provisions will apply:

- (i) Notwithstanding anything in this Agreement to the contrary, in the event that Customer or any of its Affiliates sells or transfers any business unit (a "Divested Business") to a third party (a "Buyer") identified to CSG in writing, Customer and its Affiliates will have the right to provide services utilizing the Customer Ascendon Solution and Ascendon Services identified in the applicable Ascendon Service Order(s), and other rights and licenses provided to Customer under this Agreement, for the benefit of the Divested Business and the Buyer following such transfer, in accordance with the following terms:
 - (1) Customer's use of the Customer Ascendon Solution and Ascendon Services and other rights and licenses for the benefit of the Divested Business and the Buyer under any Ascendon Service Order may last for a period of up to [*****], as determined by Customer. Such period of use will be referred to in this Section 2.1(e) as the "Divested Business Transition Period."
 - (2) All fees payable under any Ascendon Service Order will continue to accrue in accordance with such Ascendon Service Order with respect to the Divested Business, and Customer will pay all such fees in accordance with this Agreement, in each case as though the Divested Business were owned by Customer for the duration of the Divested Business Transition Period. CSG will not increase its fees or assess any additional rights or other fees or expenses as a result of the activities contemplated by this Section 2.1(e), except CSG may charge fees consistent with the Agreement or the affected Ascendon Service Order if (A) CSG incurs additional costs to provide the same Ascendon Services to Buyer and/or (B) Customer requests CSG to provide Technical Services or Ascendon Additional Services or otherwise modify the form or nature of the Ascendon Services

(3) The Parties acknowledge nothing in this Section 2.1(c) shall entitle Buyer to access the Ascendon System or request any changes or additions to the Ascendon Services during the Divested Business Transition Period. Nothing in this Section will prohibit CSG from charging any fees to Buyer as may be contemplated in any separate agreement between CSG and Buyer.

(4) CSG acknowledges and agrees that the existence and terms of any divestiture by Customer, including the identity of the Divested Business and Buyer, will be “Confidential Information” of Customer under the Agreement. Customer may disclose this Agreement in connection with any Divested Business or proposed Divested Business to any potential Buyer so long as (A) the potential Buyer is subject to confidentiality obligations no less restrictive than the terms of the Agreement and (B) Customer discloses only those Order Documents and portions of the Agreement that relate to such Divested Business.

2.2 Access; Compatible Interfaces. Prior Releases. Access to and use of the Ascendion System shall be by Ascendion Web Services, a Consumer Experience identified in an Ascendion Service Order or web-enabled user interface access, and nothing in this Agreement or an Ascendion Service Order shall entitle Customer or any Consumer to delivery of the object or source code relating to the Ascendion System. The Ascendion Documentation identifies the Compatible Interfaces as of the Effective Date. CSG may update the Compatible Interfaces from time to time in its reasonable discretion, consistent with good industry practices, by providing Customer reasonable advance written notice specifically identifying the applicable update; provided, however, notwithstanding anything in the Ascendion Web Services Standards to the contrary, (a) CSG shall not cease supporting any Compatible Interface without providing [***** of each *****], prior written notice to Customer and (b) CSG will support the ***** and at least the ***** of each *****]. CSG shall support and maintain during any applicable Order Term and any Ascendion Transition Period the Ascendion Software and Ascendion Web Services, maintaining backwards compatibility to all prior releases of such Ascendion Software or Ascendion Web Services, as applicable, utilized by Customer over the [*****], whichever is longer; provided, the foregoing excludes backwards compatibility support for any Ascendion Back Office Applications.

<http://flaredocs.csgi.com/onlinedocs/Guides/Ascendon/doclib/Ascendon/Content/PDF/CSGWebSrvStdndr Ext.pdf>

2.4 Customer Property. Without limiting Section 2.7(b) of the Agreement, as between Customer and CSG, Customer is and shall remain the sole and exclusive owner of all rights, title and interests (including all Intellectual Property rights) in and to the Customer Intellectual Property, Customer Integrations, Consumer Information, Consumer Usage Data, Customer Content, Customer Site(s) and any improvements, adaptations and other such modifications of the same that are developed by or for Customer, and any Customer Service.

2.6 [***** Approved Products and *****] Approved Countries. Within the Ascendon Documentation, Customer Care, Studio, and Reporting (each as described in the Ascendon Documentation) of the Ascendon System and Ascendon Services which shall be deemed [*****] Approved Products, added to Schedule I of the Agreement, and subject to the terms and conditions of the Agreement and any applicable Ascendon Service Order, may be accessed and used by Customer and its Outsourced Vendors in the [*****] Approved Countries identified on Schedule I of the Agreement, as amended and attached hereto as Attachment B and incorporated herein by reference.

3.1 Ascendson SaaS Services. During the term of any Ascendson Service Order and any Ascendson Transition Period CSG shall provide Customer with the Ascendson SaaS Services as described in and subject to the fees, terms and conditions set forth in any Ascendson Service Order(s) executed by the Parties from time-to-time (unless terminated or expired pursuant to its terms), in each case subject to the applicable terms and conditions of the Agreement. Customer acknowledges that except as specifically requested by Customer and provided in an Order Document or pursuant to Ascendson Additional Services (as defined below), the Ascendson SaaS Services do not include any content delivery network ("CDN") services, signal or encoding of Customer Content, and that between Customer and CSG, Customer is responsible (directly or through a third party designee) to provide CDN services and encoding for its Customer Content. Unless otherwise provided in an Ascendson Service Order, the Ascendson SaaS Services are provided in the English (US) language.

3.3 Customer Rights. Customer is responsible to obtain from any applicable third parties all necessary rights for Customer to host, distribute and fulfill (as applicable) Customer Services and display Customer Content on and through the Ascendon System and Ascendon SaaS Services, as applicable.

3.4 Acceptance Testing. CSG will make available all Ascendon Software, Ascendon Documentation made available as a Deliverable and other Deliverables (each, a “Candidate Deliverable”) for review and/or acceptance testing by Customer (the date such Candidate Deliverable is received by or made available to Customer is referred to herein as the “Delivery Date”).

(a) Unless otherwise set forth in a Statement of Work:

- (i) Customer will have (x) [*****] with respect to a Candidate Deliverable that is in written or document form (e.g., an approach document) and (y) [*****] with respect to all Candidate Deliverables that are in non-written form (the “Review Period”), in each case after the applicable Delivery Date (the last day of the applicable Review Period being referred to herein as the “Test Date”), within which to test the Candidate Deliverable, in order to determine if the same (a) operates in accordance with the applicable Ascendon Documentation and the specifications described in the applicable Ascendon Service Order and SOW; (b) is substantially free from material programming errors, bugs and defects in manufacturing and workmanship (i.e., those that give rise to Critical or High Incidents); and (c) otherwise conforms to the applicable representations and warranties of CSG contained or referred to in the applicable Ascendon Service Order and the Agreement (collectively, the “Acceptance Criteria”).
- (ii) On or before the Test Date, Customer may provide CSG with written notice (email acceptable) that it either accepts (a “Notice of Acceptance”) or rejects (a “Statement of Errors”) the delivery of the Candidate Deliverable. If Customer provides CSG a Notice of Acceptance, the Candidate Deliverable(s) and/or Technical Services the subject of such Notice of Acceptance shall be deemed Accepted as of the date CSG receives such Notice of Acceptance. If Customer fails to provide CSG a Notice of Acceptance or a Statement of Errors during the Review Period, Customer will be deemed to have Accepted the applicable Candidate Deliverable(s) and related Technical Services as of the Test Date.
- (iii) If Customer provides CSG a Statement of Errors, such notice must include (x) a reasonably detailed written description of all Exceptions identified by Customer during its review and/or acceptance testing, including but not limited to the test case, scenarios impacted, screen captures and relevant data to reproduce the problem, default or failure, reasonably required in order to facilitate CSG’s understanding of such Exceptions, (y) CSG will correct and redeliver the Candidate Deliverable subject to the Notice of Rejection promptly but in any event within [*****] of the date CSG received such Notice of Rejection or such other date mutually agreed by the Parties in writing (email acceptable), and (z) Customer will re-review and/or test the Candidate Deliverable in accordance with the applicable Acceptance Criteria and Review Period. CSG and Customer shall follow the foregoing procedures until the Candidate Deliverable is accepted (“Accepted” or “Acceptance”); provided, that if CSG is not able to comply with the Acceptance Criteria applicable to a given Candidate Deliverable within [*****] attempts (a “Non-Conforming Deliverable”), Customer may by providing CSG written notice (email acceptable) within [*****] of the last Test Date applicable to such Non-Conforming Deliverable request to remove such Non-Conforming Deliverable from the applicable SOW and/or Ascendon Service Order and CSG shall, as applicable, [*****] to the Non-Conforming Deliverable. Notwithstanding the foregoing, if the Non-Conforming Deliverable is [*****] ***/** under the applicable Ascendon Service Order, then Customer [*****] Non-Conforming Deliverable.

- (iv) If Customer [*****], CSG ***** Customer the following *****:
- (1) [*****]; and
- (2) [*****].

Customer acknowledges that this Section 3.4(v) sets forth ***** pursuant to this Section 3.4.

- (v) Except with respect to tests permitted by CSG to be conducted in the Production Environment under Section 3.4(c), if Customer utilizes a Candidate Deliverable in the Production Environment, such Candidate Deliverable shall be deemed Accepted as of the date on which such Candidate Deliverable is utilized in such Production Environment.
- (vi) Notwithstanding the prior Acceptance (or deemed Acceptance) of Technical Services and any Candidate Deliverables hereunder, all warranties made by CSG under the Agreement and CSG’s obligation to provide Ascendon Support Services shall survive such Acceptance; provided, however, that any Customer requested change or variance to a Candidate Deliverable after its Acceptance shall be deemed a request by Customer for CSG to provide Technical Services pursuant to an additional SOW or Ascendon Additional Services, as applicable. For the avoidance of doubt, Customer’s tender or request for warranty services under Section 7.2 shall not be deemed a Customer requested change or variance to a Candidate Deliverable.

(b) If Customer provides CSG a Statement of Errors that includes a new Exception that could have been reasonably discovered by Customer in a previously submitted version of a Candidate Deliverable but was not cited in any preceding Statement of Errors relative to such Candidate Deliverable (a “Pre-Existing Exception”), then CSG shall not be deemed to have violated any representation or warranty contained in the Agreement relative to such Pre-Existing Exception. Nothing in this section shall be deemed to limit CSG’s obligation under this Section 3.4 or Section 7.1 of this Exhibit to remedy an Exception and Customer shall not be liable for any breach of the Agreement as a result of any failure by Customer, acting in good faith, to notify CSG of an Exception reasonably discoverable in the Review Period.

(a) Customer acknowledges that it may conduct its tests under this Section 3.4 (i) in a Performance Testing Environment ordered and configured in accordance with Section 5.2 and (ii) in the Sandbox Environment and Production Environment only with CSG’s prior written consent, which consent is in CSG’s sole discretion.

3.5 Active-Active Architecture; BCP. The Ascendon System is deployed using a dual, “active-active” architecture with fail-over capacity that will enable Customer to continue to access and use the Ascendon SaaS Services in the event the primary server location is unavailable due to a disaster. If during an Order Term of an Ascendon Service Order CSG modifies the architecture by which the Ascendon System is deployed such that it no longer uses an “active-active” architecture, (a) CSG shall

notify Customer in writing no less than sixty (60) days in advance of the date CSG transitions off such active-active architecture, and (b) prior to the date CSG transitions off such active-active architecture, CSG shall establish and provide to Customer a disaster recovery and business continuity plan (“BCP”) that sets forth procedures to restore all information systems and business processes necessary to facilitate Customer access to and use of critical features of the Ascendon System and Consumer access to and use of the Customer Ascendon Solution made available under an Ascendon Order. The BCP shall identify a restoration time objective and a restoration point objective and shall include procedures to maintain business critical information systems and business processes in the event of any reasonably foreseeable unplanned interruption to the Ascendon SaaS Services provided pursuant to an Ascendon Order. CSG shall review and test its BCP and all related information and system backup and restoration procedures at least once each year.

ARTICLE 4. ASCENDON SUPPORT SERVICES

This Article 4, ~~Attachment 4~~ and ~~Attachment 4-A~~ shall define CSG’s Ascendon Support Services obligations with respect to the Ascendon System and Ascendon SaaS Services and shall apply to the Ascendon System and Ascendon SaaS Services in lieu of Sections 4.1 and 4.3 of the Agreement, ~~provided, however,~~ to the extent Ascendon SaaS Services are provided for use in conjunction with the ACP System, CSG’s Support Services obligations under ~~Schedule H~~ of the Agreement shall also apply to those Products, Services or elements of the ACP System. Once a problem is identified and determined by CSG to be an Exception unrelated to the ACP System, only the Ascendon Support Services shall apply.

4.1 Maintenance and Support. During the Order Term of any Ascendon Service Order and any Ascendon Transition Period, CSG shall provide maintenance and support for the Ascendon System and Ascendon SaaS Services in accordance with the terms set forth in this Article 4 and ~~Attachment 4~~ (“Ascendon Support Services”). Ascendon Support Services include provision of any fixes, updates, upgrades, improvements, work-arounds, enhancements, replacements, modifications, maintenance releases or derivative works to the Ascendon System made by (or for) CSG during any applicable Order Term and any Ascendon Transition Period with respect to the Ascendon System made available to Customer pursuant to an Ascendon Service Order hereunder (“Ascendon Updates”). However, unless specifically provided in an Order Document, Ascendon Support Services do not include and CSG shall have no obligation to provide (a) custom modifications to the Ascendon System as requested by Customer, (b) maintenance and support of, or the required implementation of updates to any customization to the Ascendon System deployed by Customer where such customizations are not specifically identified in an Order Document as being “supported” by CSG, (c) maintenance and support of any Customer Systems or Third Party Systems, (d) modifications to the Ascendon System required to enable it to function properly (1) with updates, upgrades or modifications to Customer Systems, Third Party Systems or a Customer Integration or (2) as a result of a Third Party Modification, or (e) any new product, service or application that (1) is not an Ascendon Update of the Ascendon System as then deployed by Customer under an applicable Ascendon Service Order, and/or (2) CSG makes generally available as a separately priced item (e.g., by way of example only, an Ascendon Server Module or Consumer Experience not included in an Ascendon Service Order). Ascendon Support Services do not include management of Customer’s day-to-day operational issues, as described in Section 5.1 of this Exhibit. If and as requested by Customer, the Parties may enter into a Statement of Work or Amendment to an Ascendon Service Order to prescribe CSG’s performance of Technical Services, Ascendon Additional Services or other support relative to activities that are excluded from Ascendon Support Services pursuant to this Section 4.1.

4.2 Third Party Integrations and Third Party Modifications. If any of (a) Customer’s Integrations, or (b) CSG Integrations made by CSG under a mutually agreed Statement of Work to a Customer System or Third Party System (collectively, a “Third Party Integration”) requires modification due to a change in

the Customer Integration, Customer System or Third Party System, which modification is not made by, at the direction, or with the approval of CSG (a “Third Party Modification”), then CSG shall have no obligation to maintain or support the affected Third Party Integration as a result of such Third Party Modification. Under such circumstances, Customer may request, and CSG shall perform, Technical Services to remedy such Third Party Modification, pursuant to a Statement of Work executed by the Parties setting forth the scope of such Technical Services and related fees payable to CSG. In addition, to the extent that a Third Party Modification causes a Service Interruption or otherwise causes an Ascendon Service to no longer operate in compliance with an Ascendon Service Order or the Ascendon Documentation, Customer acknowledges that CSG shall have no liability to Customer under the terms of the Agreement or an Order Document with respect to any breach or non-compliance caused by such Third Party Modification. CSG acknowledges however that once a Third Party Integration is restored after a Third Party Modification, CSG’s obligations under the Agreement and any affected Order Document shall recommence. CSG further acknowledges that a Third Party Modification shall not be deemed a breach of Customer’s obligations under the Agreement or an Order Document. The Parties acknowledge that if a Third Party Integration requires modification due to an Ascendon Update of the Ascendon System, such modification shall not be deemed a Third Party Modification, and CSG shall promptly make such modification and restore the Third Party Integration at no additional charge to Customer.

4.3 [***] Performance Reviews.** On a [*****] basis so long as an Ascendon Service Order is in effect, CSG shall meet with Customer, at Customer’s request and at a mutually agreeable location, to review, among other things, (a) the [***** of the Ascendon System and *** *****] since the most recent performance review, including without limitation [**** * * * * *], (b) Customer’s feedback relative the Ascendon System, including its fun***** ***** ***** and (c) CSG’s *****] for the Ascendon System.

ARTICLE 5. CUSTOMER'S ADDITIONAL OBLIGATIONS; PERFORMANCE TESTING.

5.1 *** Operations.** After the Go-Live Date of each Ascendon SaaS Services deployment pursuant to an Ascendon Service Order, Customer is principally responsible to manage the ***** administrative operations of such deployment in connection with its marketing, merchandising and sale of Customer Services, including, by way of example only, configuring storefront changes, refreshing or adding new Customer Content, configuring Customer Service bundles and pricing plans, and backing up its data (i.e., CSG performs and maintains its own internal backups as provided in the Ascendon Documentation; Customer must extract its data from Invision Reporting if it wishes to maintain its own independent back-up). Customer may discharge such responsibility itself, through a third party designee permitted by the terms of the Agreement or by requesting CSG to provide such support. CSG may provide support to Customer on an Ascendon SaaS Services deployment pursuant to a Statement of Work entered into by the Parties that specifies the specific Technical Services or support to be provided. Any Technical Services or support requested by Customer shall be incorporated into a Statement of Work or E-SOW, as applicable.

5.2 Restrictions on [**] Testing.** Customer acknowledges that neither the Production Environment nor the Sandbox Environment are intended or engineered to perform [**** ***** “*****” * * *] testing against the Ascendon System and absent CSG’s prior written approval Customer shall not, nor authorize or permit any third party to perform Performance Testing. “Performance Testing” in the Sandbox Environment or the Production Environment shall mean [***** * * * * * transactions * * * * *]; provided, however, that in no event will any Acceptance test permitted by CSG under Section 3.4(c) be deemed “Performance Testing.” In addition, Customer may request that CSG make available a dedicated environment for Performance Testing for a period to be mutually agreed in writing by the Parties (a “Performance Testing Environment”), which

environment (a) shall replicate the architectural tiers and performance characteristics (excluding capacity) of the Production Environment or Sandbox Environment (as applicable), (b) will be subject to Hosting and Ascendon Support Services as set forth in Attachments 4 and 4-A, respectively, but is not subject to any [*****] (as such term is defined in Attachment 4, Section 1) commitment; (c) shall be subject to the fees set forth in the applicable Order Document, and (d) shall be made available to Customer by the dates, and in accordance with the terms and conditions of a Statement of Work or other written agreement executed by the Parties. Customer acknowledges that, without the Parties mutually agreeing to the creation of, and terms governing, a Performance Testing Environment, any conduct of Performance Testing within the Production Environment or Sandbox Environment is a [*****] of this Exhibit and the Agreement and can ***** the Ascendon System, which may also ***** third parties. If Customer conducts Performance Testing in violation of this section, or otherwise exceeds the scope of Performance Testing authorized by CSG in writing, Customer agrees that CSG shall have the right, with notice to Customer (either [*****], to ***** suspend Customer's access to the environment in which such Performance Testing was conducted *****]. Customer will defend CSG at Customer's expense and pay all damages (including punitive damages) awarded against and reasonable costs incurred by CSG in any action arising out of any claim of a third party caused by Customer's Performance Testing in violation of this section. Nothing in this Section 5.2 shall be deemed to limit CSG's right to assert a claim against Customer for any damages CSG or its Affiliates incur with respect to Customer's Performance Testing in violation of this Section 5.2.

5.3 App Store. If an Ascendon Service Order includes Customer's use of a Consumer Experience such as an iOS or Android native application or a Licensed Client SDK for iOS or Android on which Customer will develop a Customer Application, and Customer intends to distribute the application (an "App Store Application") through an application store, such as iTunes, the Android Marketplace, Google Play Store, or similar site at which the App Store Application may be downloaded by a Consumer (an "App Store"), Customer, with the assistance of and in collaboration with CSG, is responsible (a) to submit to each App Store for approval the App Store Application that includes Customer Content and (b) for any approval fees required by such App Stores (or their approvers) in connection with such approval. Customer further acknowledges that if Customer develops a Customer Application without use of a Licensed Client SDK, Customer shall be solely responsible to submit such Customer Application to the App Store for approval, and any assistance provided by CSG in such regard shall be subject to a Statement of Work or CSG's performance of Ascendon Additional Services.

ARTICLE 6. TERMINATION - ASCENDON SERVICES

In addition to any termination rights of either Party with respect to the Agreement in its entirety or an affected Product, Deliverable or Service pursuant to the terms of the Agreement, this Article 6 shall apply specifically to the Ascendon System and the Ascendon SaaS Services.

6.1 Ascendon Service Order Term. The Parties agree that upon expiration of the Agreement, CSG's provision, and Customers' use and receipt, of the Ascendon Services will terminate following any applicable Ascendon Transition Period as provided in Section 6.3 below. Accordingly, if the Order Term of a given Ascendon Service Order [*****] of the Agreement, the Order Term under the applicable Ascendon Service Order(s) shall be deemed ***** of the Agreement, subject to any *****].

6.2 Termination of an Order Document; Effect of Termination.

(a) [*****]

*****]

(b) For the avoidance of doubt, each reference in Section 6.1 of the Agreement to a Party having rights to terminate the Agreement “only as it pertains to the affected Product, Deliverable or Service” shall enable a Party to terminate an affected Order Document subject to the remaining terms and conditions of Section 6.1 of the Agreement, the remainder of the Agreement and this Exhibit.

(c) Customer’s licenses to any Products other than the Ascendon System and its respective right to receive any Services from CSG not related to the Ascendon Services, and the Agreement as it relates to any Product or Service other than the Ascendon System or Ascendon Services, may not be terminated by CSG on account of any breach by Customer relating to the Ascendon System and Ascendon Services. Similarly, Customer may not terminate its licenses to any Products other than the Ascendon System and Ascendon Services or its purchase of any Services from CSG not related to the Ascendon System or Ascendon Services and may not terminate the Agreement as it relates to any Product or Service other than the Ascendon System or Ascendon Services, for cause on account of any breach by CSG of any obligations of CSG relating to the Ascendon System or Ascendon Services.

(b) Upon termination of an Order Document, subject to Section 6.3 of this Exhibit, (i) all rights granted by either Party to the other under such Order Document shall terminate, (ii) CSG shall, have no further obligation to provide any Ascendon Services to Customer under such Order Document and (iii) each Party will promptly (x) return to its owner or redact all of the other Party’s Confidential Information and Intellectual Property related to the Customer Services and Ascendon Services provided through and under such Order Document then in such Party’s possession, custody or control, and except as required by applicable law, irretrievably purge all electronic copies of the same from its computer systems, storage media and other files, (y) upon written request deliver to the owner an affidavit which certifies compliance with the foregoing Section 6.2(c)(iii)(x), and (z) pay to the other Party any undisputed amounts then due pursuant to the relevant Order Document and/or the Agreement. Termination of an Order Document shall not release either Party from liability which at the date of termination has accrued but remains un-discharged, nor adversely affect in any way the survival of any other right, duty or obligation of a Party which is expressly stated to survive notwithstanding termination of an Order Document or the Agreement.
The below Section 6.3 shall apply to the Ascendon Services in lieu of Section 6.2 of the Agreement.

6.3 Ascendon Transition Services. If requested by Customer at its sole discretion, the Parties will comply with the following transition provisions following the termination or expiration of the Agreement or an Order Document in order to allow Customer to wind down the Customer Services or transition from CSG’s provision of the Ascendon SaaS Services to a third-party or internal Customer solution. By providing CSG written notice (a) if the Agreement or an Ascendon Service Order expires as per its stated term, no less than [***** **** prior to **** of the Agreement or such Ascendon Service Order or (b) if the Agreement or an Ascendon Service Order ****, within **** of the **** of the Agreement or such applicable Ascendon Service Order, Customer may request a transition period up to but not to exceed **** following the **** date (the “Ascendon Transition Period”) to allow the Parties to effect a **** transition of the services provided by CSG through the Ascendon SaaS Services to a third-party or an internal Customer solution. In the event that Customer requests an Ascendon Transition Period, CSG will provide such Ascendon Services as requested by Customer

during the Ascendon Transition Period, and all applicable fees and terms under the applicable Ascendon Service Order and the Agreement shall apply to such Ascendon Services. In addition, during the Ascendon Transition Period CSG shall provide to Customer [*****] reasonably acceptable to Customer, any Customer Content, Consumer Information, Consumer Usage Data, Customer Confidential Information, and Customer Intellectual Property in CSG's possession. If Customer requests that CSG provide the foregoing information in a [*****] (or, as requested by Customer and if applicable based on such data, content or information, an XML extract) or requests CSG to perform any other services for Customer to transition Customer's Consumer offering beyond the return of the foregoing information (collectively, the "Ascendon Transition Services"), CSG will comply with any such reasonable request, and Customer acknowledges that such Ascendon Transition Services may be provided by CSG at *[, and the Parties will enter into a Statement of Work or other agreement to document the specific Ascendon Transition Services to be provided and the applicable fees.

ARTICLE 7. ASCENDON REPRESENTATIONS AND WARRANTIES

7.1 Ascendon Warranties. The warranties set forth in this Section 7.1 shall apply in lieu of the limited warranty set forth in Section 8.1 of the Agreement.

- (a) CSG represents and warrants that the Technical Services and Ascendon Additional Services will be performed with reasonable skill and care, in a diligent, professional and workmanlike manner, consistent with generally accepted industry standards for similar services.
- (b) CSG represents and warrants that the Ascendon System and Ascendon Services as delivered by CSG (i) comply in all material respects with the Ascendon Documentation and any specifications prescribed in the applicable Ascendon Service Order and (ii) perform in the manner for which they were intended as specified in the applicable Ascendon Documentation and specifications and any requirements document explicitly referenced in an Order Document for such purposes.

The Ascendon warranty set forth in this Section 7.1 shall not apply to the extent any non-compliance or defect is caused by an Excluded Problem (as defined in Section 1 of Attachment 4)

7.2 Remedies. With respect to the Ascendon System and Ascendon Services, the remedies set forth in Section 8.3 of the Agreement shall not apply. Instead, in case of breach of Section 7.1(a) and 7.1(b) as it relates to CSG's performance of Technical Services, Ascendon Additional Services and/or Ascendon Services, CSG shall [*****]. In the case of [*****] as it relates to CSG's provision of a Customer Ascendon Solution and/or Deliverable, CSG will [*****] Customer Ascendon Solution and/or Deliverable [*****] or, if not practicable, CSG will [*****] Customer Ascendon Solution and/or Deliverable and [*****] to Customer (a) [*****] of the Customer Ascendon Solution and/or Deliverable, and (b) [*****] that Customer [*****] that such portion of the Customer Ascendon Solution and/or Deliverable [*****]. Except as expressly provided in Attachment 4, Customer acknowledges that this Section 7.2 sets forth Customer's [*****] of the Ascendon System, Deliverables or

Ascendon Services. Further, nothing in this Section 7.2 shall be deemed to limit or affect CSG's obligation to perform Ascendon Support Services consistent with Attachment 4.

7.3 Customer Content. Customer represents and warrants that it owns or has licensed all Customer Content made available, displayed, sold, fulfilled and transmitted on or through the Ascendon System and has full power and authority to grant CSG the licenses set forth in the Agreement, this Exhibit and as included in an Order Document and that CSG's modification, use, display, fulfillment, provision and transmission of such Customer Content, in each case in connection with the Ascendon SaaS Services prescribed by an Order Document, will not constitute a misuse or infringement of the rights of any third party. Solely for purposes of the Ascendon Services, Customer will indemnify CSG on the same terms as Section 7.4 of the Agreement with respect to any action brought against CSG claiming that Customer Content made available, displayed, sold, fulfilled and transmitted on or through the Ascendon System infringes a copyright, trademark, trade secret, or patent.

7.4 Customer Services. Customer represents and warrants that it complies, and shall during each Order Term (including any Ascendon Transition Period) continue to comply with all applicable laws in relation to its activities under each Order Document executed hereunder, including (a) its collection, use, processing (directly and indirectly through CSG as a data processor), export and disclosure of Consumer Information and (b) its offer, publication, sale/license and fulfillment of Customer Services provided on or through the Ascendon System and any applicable Customer Applications to those countries, territories and jurisdictions where such offer, publication, sale/license and fulfillment of Customer Services is permitted by applicable law.

ARTICLE 8. DATA TRANSFERS AND DATA PRIVACY

8.1 Customer as Data Controller. The Parties acknowledge that in order for the Customer to utilize the rights granted to it under Section 2.1 of this Exhibit and for CSG to provide Customer with Ascendion SaaS Services, it is necessary for Customer to disclose to CSG certain Consumer Information, which Consumer Information will be processed and stored (subject to the terms of this Exhibit, the Agreement and applicable law) [*****]. The Parties further acknowledge that with respect to the Consumer Information, (a) Customer acts as a "[*****] (or an equivalent term under applicable law) with respect to all [*****] and (b) CSG acts as a "[*****]" (or an equivalent term under applicable law), on behalf of and pursuant to, the instructions of Customer in order to comply with its obligations under the Agreement, each Order Document and under applicable law. For purposes of the Ascendion Services, Section 10.5(f) of the Agreement will not apply, and except and to the extent agreed by Customer in an Order Document or other written agreement executed by the Parties, none of the Ascendion Services may be provided from [*****]; provided, however, nothing shall preclude CSG from hosting [*****] to answer and respond to Incident Reports (as defined in Section 1 of Attachment 4) so long as such [*****] do not, without Customer's prior written consent (email acceptable), [*****] any Consumer Information or Consumer Usage Data.

8.2 [*****], Customer acknowledges and agrees that CSG's obligations and Customer's remedies under each Order Document and the Agreement related to the [*****]
 [*****] of Consumer Information or Consumer Usage Data in connection with the Ascendion Services, including a [*****], shall be specifically governed and limited by
 [*****] of the Agreement (provided nothing shall preclude Customer from seeking injunctive or other equitable relief as provided in Section 11.2 of the Agreement).

8.3 Destruction of Data. The Parties acknowledge that CSG may comply with Section 10.5(b) of the Agreement with respect to Consumer Information and Consumer Usage Data if such data is permanently (a) purged (i.e., permanent deletion using random data overwrite) or (b) anonymized (i.e., within CSG's structured data construct, to delete or obfuscate the particular fields containing Consumer Information and Consumer Usage Data so as to render them unidentifiable, while preserving the record of the audiovisual materials (including the title, description or subject matter of such materials) acquired by a Consumer), using industry standard practices, thereby permanently preventing anyone (including CSG and any third party) from accessing any Consumer Information from, or reconstructing so as to render identifiable, such information retained in the systems of CSG and which audiovisual materials were acquired by a Consumer through such systems.

ARTICLE 9. MISCELLANEOUS

9.1 Authorized Customer Signatory or Approval. The Parties acknowledge that as provided in the chart under Section 12.11 of the Agreement, Customer's signature of an Ascendon Service Order shall be deemed an "Amendment to, modification of, or termination of this Agreement".

Attachment 1.1(a) - Definitions

Attachment 4 – Ascendon Support Services – Production Environment

Attachment 4-A – Ascendon Support Services – Sandbox Environment

ATTACHMENT 1.1(a) – DEFINITIONS

“Additional Sandbox BU” means an additional (e.g., second, third, etc.) Sandbox BU beyond the initial Sandbox BU identified in an Ascendon Service Order.

“Ascendon Documentation” means the published online user manuals and documentation located at [*****/*****] as of the Effective Date and as updated by CSG from time to time.

“Ascendon SaaS Services” means those services performed by CSG under an Ascendon Service Order to provide Customer access to the Ascendon System as identified in Attachment 4, and Attachment 4.1-A of this Exhibit, but does not include any Technical Services or Ascendon Additional Services.

“Ascendon Service Order” means the fees, terms and conditions of Customer’s rights and obligations to use, and CSG’s obligation to provide, the Ascendon System and Ascendon SaaS Services as made available by the Agreement, executed by CSG and Customer as sequentially numbered orders to this Agreement (i.e., Ascendon Service Order No. 1, Ascendon Service Order No. 2, etc.).

“Ascendon Services” means the Ascendon SaaS Services, Technical Services and Ascendon Support Services.

“Ascendon Software” means software code and computer programs underlying the Ascendon SaaS Services provided by CSG to Customer pursuant to an executed Order Document.

“Ascendon System” means the Ascendon Server Modules, Ascendon Web Services and Ascendon User Applications (including any Consumer Experiences and Licensed Client SDKs) provided to Customer under an Ascendon Service Order, and the Ascendon Software, servers, hardware and technologies and Internet connection (only up to the demarcation point of CSG’s datacenter) used by CSG to make the foregoing available via the Internet, as further specified in the Ascendon Documentation. The Ascendon System [*****] The specific Ascendon System configuration provided to Customer shall be denoted in each Ascendon Service Order executed under the Agreement.

“Ascendon System Data” means any [*****] concerning the Ascendon System ***** in connection with ***** of the Ascendon System. For the avoidance of doubt, “Ascendon System Data” shall exclude information that constitutes Consumer Information, Consumer Usage Data and any data from which identifying information about Customer or any Consumer can be discerned.

“Ascendon User Application” means a Consumer Experience and/or Back Office Application of the Ascendon System. The Ascendon User Applications provided by CSG to Customer will be specifically described in an Ascendon Service Order.

“Ascendon Web Services” means the application programming interfaces (APIs) by which the functional capabilities of the Ascendon Server Modules (as described in an Ascendon Service Order) may be accessed.

“Back Office Application” means the web-based applications that provide authorized users of Customer to the administrative applications of the Ascendon System.

“Compatible Interface” means the industry standard browsers and protocols (as applicable) by which (a) a Customer administrative user can access the Back Office Applications of the Ascendon System and (b) the Ascendon Web Services may be accessed.

“Consumers” means the end user clients or customers (excluding an Affiliate) of Customer, or any other officers, employees and contractors (acting in such capacity, and not as a client or customer) of Customer, who access and/or use the Ascendon System.

“Consumer Experience” means a Consumer - facing implementation of the Ascendon System, such as a Player, Storefront (including HTML Storefront “widgets”), redemption site, Local Media Manager/Download Manager, and Streaming application. The specific Consumer Experiences CSG will make available to Customer (if applicable) shall be identified in an Ascendon Service Order.

“Consumer Information” has the same meaning as Charter Customer Information.

“Consumer Usage Data” means statistics and data relating to a Consumer’s account activity, including the browsing and accessing via Downloading or Streaming to or through devices, of Customer Content or other information collected from or about or otherwise regarding Consumers, including any purchase activity, whether in individual or aggregate form. Consumer Usage Data may include Consumer Information but shall not be deemed to include any [***** ***** ****].

“CSG Integration” means any integration between the Ascendon System and a Third Party Product, Customer System or Third Party System that is identified in an Order Document as being developed, owned and supported by CSG.

“Customer Application” means a Customer-owned or licensed application developed by Customer or a Customer Vendor (i.e., not a Consumer Experience) that either accesses the features and functions of the Ascendon System through the Ascendon Web Services or otherwise integrates with the Ascendon System, including through use of a Licensed Client SDK (as identified in an Ascendon Service Order).

“Customer Content” means that data, proprietary content and content owned or licensed by Customer, including Customer Intellectual Property, that is published on or displayed through the Ascendon SaaS Services by Customer (or at Customer’s request) or is provided by Customer to CSG so that CSG may configure the Ascendon System for Customer’s use. For the avoidance of doubt, Customer Content does not include any Consumer Information or Consumer Usage Data.

“Customer Integration” means an interface or integration between the Ascendon System and a Customer System or Third Party System that is created and/or developed by Customer or a Customer Vendor. A Customer Integration may include an integration developed and implemented by CSG at the request of Customer hereunder, subject to such integration’s identification as a “Customer Integration” in a Statement of Work.

“Customer Service” means any Merchandise or other goods, products or services promoted, fulfilled or made available for purchase and/or fulfillment by or through Customer that access or use any feature or function of the Ascendon System.

“Customer Site” means any Customer website, application, software, product or service on which the Ascendon System or a Customer Application is embedded and provided to Consumers, but specifically excludes all elements of the Ascendon System, including without limitation all Ascendon User Applications (including Consumer Experiences).

“Customer System” means any computers, communications systems, solutions, applications (including Customer Applications) and products (including hardware or software components of each of the foregoing) of Customer and its Affiliates.

“Sandbox BU” means a secured and partitioned instance (referred to as a business unit or “BU”) of the Sandbox Environment of the Ascendon System.

“Sandbox Environment” means a shared non-production environment made available by CSG to allow Customer to develop and/or test pre-production deployments of the Ascendon System, including any Ascendon Updates thereto, or for such other required configurations, integrations or designs to be determined between the Parties. The Sandbox Environment, at the discretion of CSG, may maintain a smaller hardware foot-print, or be virtualized within a CSG datacenter, but will at a minimum make available the then-current release of the Ascendon System (including the underlying Ascendon Software) available on the Production Environment.

“Streaming” means the digital transmission of Customer Content in a so-called “streaming” format for contemporaneous viewing so that the applicable audio-visual content is not intended to be permanently stored on the receiving device. “Stream” has a correlative meaning.

“Third Party System” means (a) computers, communications systems, solutions, applications and products (including hardware or software components of each of the foregoing) of a Customer Vendor or other third party service provider through or over which CSG does not have contractual or operational control and (b) any Third Party Product that interoperates with but is not embedded within the Ascendon System and is specifically identified in an Order Document as a “Third Party System”.

*****End of Attachment*****

ATTACHMENT 4 – HOSTING, SUPPORT AND SERVICE LEVEL STANDARDS

PRODUCTION ENVIRONMENT

The terms and conditions of this Attachment 4 apply only to the Production Environment of the Ascendon System and related Ascendon SaaS Services. Attachment 4 prescribes the Hosting, Support and Service Level Standards for the Sandbox Environment.

I. Definitions.

“Acceptable Workaround” means a temporary solution to an Incident that CSG has implemented, or that CSG has granted prior written consent to Customer to implement, and that allows the Ascendon System to regain functionality, provide major software functions in accordance with its intended use, and be in material compliance with all agreed-upon Ascendon System metrics.

“Ascendon System [*****] Upgrade” means a major upgrade CSG makes to the Ascendon System on a [*****] basis. Promptly after CSG establishes the dates for the Ascendon System Quarterly Upgrade (but in any event no less than [*** ** *] prior to a given upgrade), CSG will notify Customer in writing (email acceptable) of such dates. Unless otherwise agreed by the Parties, the Ascendon System [*****] Upgrade will occur between [*** ** *] on the upgrade date.

“Availability SLA” means the Production Availability SLA (as defined in Section 4 below) and the Sandbox Availability SLA (as defined in Attachment 4-A).

“Chronic SLA Failure” has the meaning assigned to it in Section 6 below.

“Critical Transaction” means [*****].

“Excluded Problems” means any interruptions, degradation or problems with the Ascendon System that are the result of (a) negligent acts or omissions of or made by Customer or its employees, or a Customer Vendor; (b) a Third Party Modification or the failure or malfunction of a Customer Integration, Customer Application, or Customer System; (c) the failure of other third party equipment, networks, applications, services or systems that are not incorporated in the Ascendon System or the specific Customer Ascendon Solution made available to Customer pursuant to an Ascendon Service Order (as so indicated in such Ascendon Service Order); provided, the failure of specific third party equipment, networks, applications, services or systems utilized by CSG in the Hosting (as defined below) of the Ascendon System shall not be deemed an Excluded Problem; (d) Scheduled Maintenance; (e) the failure of power or equipment at the premises of the Customer; (f) a Force Majeure [*****]; (g) as provided in Section 7 of this Attachment 4 – Excluded Services; or (h) Customer’s failure to comply with (i) the Ascendon Web Services Standards or (ii) CSG’s prior certification of Customer’s integration or calls to the Ascendon Web Services.

“Hosting” means the hosting of the Ascendon System, including the hosting of servers (i) at a colocation space at a datacenter for which only CSG (and not the datacenter provider) may access CSG’s collocated equipment (including servers), and/or (ii) as part of a cloud service, such as [*****].

“Incident” means any failure in the operation, access to or use of the Ascendon System or Ascendon SaaS Services to perform in all material respects in accordance with the applicable Ascendon Documentation. An Incident’s Severity Level is determined by CSG and classified in accordance with the following criteria:

“High” means an Incident which results in Customer, a Customer Vendor or Customer’s authorized users’ inability to (a) [***** ** ***** ***, (b) ***** ** ***** ***, or (c) ***** ** ***** ***].

[illegible]

“Incident Report” means the submission of a suspected Incident (by Customer or as identified by CSG) with, if submitted by Customer, sufficient detail and particularity to enable CSG to effectively initiate a Response and/or Resolution.

"Interruption Time Percentage" is equal to (a) the Interrupted Service Time for a given calendar month less the Permissible Interrupted Minutes for such calendar month, divided by (b) the System Availability, as expressed in number of minutes for that calendar month.

“Monitoring Software” means internal software and/or third party service that simulate and/or measure transactions for purpose of determining the Availability SLA.

“Permissible Interrupted Minutes” means with respect to each Availability SLA, the number of [***** for a given ***** the Ascendon System may experience a Service Interruption before a *****
 *** for such Availability SLA. The Permissible Interrupted Minutes is equal to the (a) Total Available ***** available in a ***** less (b) the product of Total Available ***** times the applicable *****

“Response” means CSG’s acknowledgement of its [*****] of an Incident Report from the Customer.

“Service Interruption” means with respect to an Availability SLA, the [*****], excluding an occurrence or failure resulting from an Excluded Problem.

“Service Interruption Credit” means with respect to (a) the Production Availability SLA in a given [*****] the product of (i) the Qualified Revenue Stream of an affected Ascendon Service Order received by CSG during such [*****] and (ii) Interruption Time Percentage for such Production Availability SLA; and (b) the Sandbox Availability SLA, as defined in Attachment 4-A. Notwithstanding the foregoing, (x) [*****] such [*****] and (y) with respect to [*****], and (y) with respect to [*****] pertaining to the Ascendon Service Order under which CSG failed to meet the Production Availability SLA.

“Severity Level” shall refer to the level of severity of a problem in respect of the Ascendon System, as defined in Section 3 below.

“System Availability” means the Total Available [***** * * *****] attributable to an Excluded Problem (which, for the avoidance of doubt, includes Scheduled Maintenance).

“Total Available [***** means the total ***** available in a given ***** (i.e., number of **** in ***** times ***** times *****).

2. Hosting and Support Services.

CSG shall provide Hosting, technical support and operational maintenance for the Production Environment of the Ascendon System as part of the Ascendon SaaS Services.

(A) Technical Support/Operations

Customer may submit an Incident Report to CSG’s support center (“International Support Desk” or “ISD”) via telephone, or CSG’s web accessible Incident Report tracking system (accessed at [*****]) and other mutually agreed means; provided, that Customer must notify CSG of any [*****] Incidents via telephone to the ISD.

CSG shall provide support on a [***** * * ***** * * * Incidents and during *,** * * – *,** * * ***** * * *] Incidents.

(B) Support Levels

CSG shall escalate support issues as follows:

- (1) Level 1 Support (ISD): CSG provides initial support through CSG’s ISD, which shall provide for the initial triage of an issue. The ISD may be contacted via telephone (required for Critical and High Incidents) email or web (through CSG’s extranet at [*****]) and will work with the Customer to collect pertinent information, understand the issue and attempt to replicate and Resolve. If, after the ISD’s investigatory resources are exhausted, the ISD is still unable to Resolve the Incident, it will escalate to Level 2 Support.
- (2) Level 2 Support (Operations): Once the ISD escalates the Incident to Operations, Operations begins troubleshooting and analyzing the Incident. Operations has additional security rights permitting it to dig deeper into the issue through database queries, server reviews and monitoring. If, after the Operations’ investigatory resources are exhausted the Incident remains unresolved, the issue will be escalated to Level 3 Support.
- (3) Level 3 Support (Development, QA, etc.): If necessary, the Level 3 Support Team will be engaged to attempt to determine root cause for the reported and unresolved Incident. The Level 3 Support team may include developers, Quality Assurance analysts, and/or implementation analysts with additional access permissions to review code or provide additional technical insight into expected versus actual behavior of the Ascendon System.

3. [***** * * *] for Ascendon Support Services, Escalations and Incident Corrections.

(a) CSG uses the [*****] set forth in Chart 3 below for Incidents reported to the ISD based on such Incident’s Severity Level. From the time that an Incident is reported to the ISD until the Incident is Resolved as prescribed below, CSG shall provide Customer Responses and subsequent updates in accordance with the applicable times set forth in the table below. In addition, at any time during the pendency of an Incident that affects Customer’s operations in the Production Environment or the Sandbox Environment, Customer may contact its Account Manager to discuss such Incident. In addition, to the extent a Critical or High Incident [*****], Customer may contact [*****] to discuss such Incident.

(b) Notwithstanding the [*****], Customer may request CSG [*****]. In such case, Customer shall escalate the Incident to its Account Manager and the ISD and the Parties, acting reasonably and in good faith, will [*****] consistent with the [*****] by Customer.

(c) Within [****] of a Critical or High Incident, CSG agrees to provide Customer a report (an “Incident Report”) that (i) describes the Incident, (ii) includes a root cause analysis of the Incident, (iii) identifies the nature of the Resolution of such issue, including if such Resolution is an Acceptable Workaround and (iv) identifies the need and, if applicable, timing, of CSG to implement an Incident Correction.

Chart 3

<u>Incident Severity Level</u>	<u>Response/Updates</u>	<u>Targeted Resolution</u>
Critical	Response: Within [*****] (including [*****] provided by the Monitoring Software. Updates: [*****] or [*****], in which case [*****].	CSG will [*****].
High	Response: [*****]. Updates: [*****] or [*****], in which case [*****].	CSG will [*****].

Incident Severity Level	Response/Updates	Targeted Resolution
Medium	Response: [*****]. Updates: *****, in which case *****].	CSG will [*****].
Low	Response: [*****]. Updates: *****]	CSG may include a Resolution into the Ascendon System.

4. Availability of Production Environment,

On and after the [***** Customer makes the Ascendon System available to its Consumers, CSG shall provide System Availability of ***** for the ***** of the Ascendon System for each ***** during the applicable Order Term(s) (as measured over a *****, the *****”).

5. Service Credits – Production Availability SLA,

For any [***** in which a ***** has occurred, the Parties shall act in good faith to determine whether the ***** for the ***** has been achieved. If CSG fails to achieve the ***** during a given Order Term, CSG shall apply the applicable *****].

CSG shall, subject to Customer’s review and audit rights, calculate the [***** and apply this ***** to the following ***** or, if such ***** of an Order Term, offset the current ***** or provide a *****] to Customer.

CSG shall also provide Customer access to reports and/or tools that enable Customer to determine System Availability.

Customer and CSG acknowledge that it is impractical and difficult to determine the actual damages that may proximately result from CSG’s failure to perform certain obligations under the Agreement and any Order Document executed hereunder. Accordingly, any fee credits provided for under this Attachment 4 and/or Attachment 4-A on account of CSG’s failure to comply with the applicable Availability SLA are (a) liquidated damages, and not a penalty, (b) reasonable and not disproportionate to the presumed damages to Customer from a failure by CSG to comply with such applicable Availability SLA and (c) [*****].

6. |***** ** *****

7. Excluded Services,

CSG shall not be obligated to fix any Incident or be responsible for a Service Interruption if such Incident or Service Interruption is caused by the following circumstances:

- Customer has used the Ascendon SaaS Services or Ascendon System other than for its intended purpose as indicated in the Agreement, applicable Order Documents and/or Ascendon Documentation;
- Customer has incorporated the Ascendon SaaS Services into other software in a manner not identified in an Order Document or otherwise approved in writing (email is acceptable) by CSG;
- To the extent any source or executable code is delivered by CSG to Customer with respect to a given deployment of the Ascendon System under an Ascendon Service Order, Customer has altered, damaged or modified such code in a manner not identified in an Order Document or otherwise approved by in writing (email is acceptable) by CSG;
- The Incident is caused by Customer Systems (including, if applicable and by way of example only, a Customer Application, but excluding any software or equipment of CSG) or a Customer Exception;
- The Incident is caused by Customer's accessing of the Ascendon System or Ascendon SaaS Services other than through a Compatible Interface; and/or
- The Incident is attributable to the failure by Customer to comply with the Ascendon Web Services Standards.

If CSG has no obligation to fix the reported Incident for one of the reasons stated above, the Parties may enter into a Statement of Work authorizing CSG to provide additional support services.

8. [*****

*****]

****End of Attachment****

SANDBOX ENVIRONMENT

[illegible]

CSG shall provide Customer access to reports and/or tools that enable Customer to determine the availability of the Sandbox Environment.

6. Excluded Services

CSG's support obligations pursuant to this Attachment 4-A are subject to the exclusions set forth in Section 7 of Attachment 4 – Excluded Services.

*****End of Attachment*****

ATTACHMENT B
to
Fifth Amendment
SCHEDULE I

[***** APPROVED PRODUCTS AND *****] APPROVED COUNTRIES

[*****] Approved Countries:	[*****] Approved Products:
Argentina	Ascendon Services
Canada	Ascendon System
Costa Rica	ACSR**
Dominican Republic	
Guatemala	
India	
Mexico	
Panama	
Philippines	

- **These products include the following Software or Product modules
1. CIT
 2. Leads Tracking
 3. Order Work Flow (OWF)
 4. Enhanced Campaigns
 5. Offer Management
 6. Equipment (OPE)
 7. Billing Calculator
 8. Credit Verification
 9. Risk Assessment
 10. ACPV
 11. EAR / AR
 12. Account Hierarchies
 13. Statement Express
 14. Outage Detection
 15. Enhanced Statement Screen
 16. AOI / AIT
 17. LOB indicators (HSD, Voice, Data), aka ACSR HSD module
 18. Unbilled Usage

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 (“Non-GAAP EPS”), total revenue (“Total Revenue”), and average annual organic revenue growth (“Organic Revenue Growth”) 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 Non-GAAP EPS as determined in accordance with Exhibit 1 (“Non-GAAP EPS Achievement Percentage”);
- (ii) achievement percentage based on Total Revenue as determined in accordance with Exhibit 2 (“Total Revenue Achievement Percentage”);
- (iii) achievement percentage based on Organic Revenue Growth as determined in accordance with Exhibit 3 (“Organic Revenue Growth Achievement Percentage”); and
- (iv) achievement percentage based on performance as measured by TSR as determined in accordance with Exhibit 4 (“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
Non-GAAP EPS	January 1, 20XX, to December 31, 20XY	XX.X%
Total Revenue	January 1, 20XX, to December 31, 20XY	XX.XX%
Organic Revenue Growth	January 1, 20XX, to December 31, 20XY	XX.XX%
TSR	January 1, 20XX, through December 31, 20XZ	XX%

The following example illustrates how a total award of 1,000 shares would vest if the respective Non-GAAP EPS, Total Revenue, Organic Revenue Growth, and TSR Weighted Achievement Percentages were attained for the Performance Period based on the methodologies set forth in Exhibit 1, Exhibit 2, Exhibit 3, and Exhibit 4:

Performance Measure	Weight (A)	Actual Achievement Percentage (B)	Weighted Achievement Percentage (A multiplied by B)
Non-GAAP EPS	XX.X%	XXX%	XX.X%
Total Revenue	XX.XX%	XX%	XX.XX%
Organic Revenue Growth	XX.XX %	XXX%	XX.XX%
TSR	XX%	XXX%	XX%
Total of the Weighted Achievement Percentages: XXX.XX%			
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, 3, and 4. The Committee may, in its sole discretion, determine whether any adjustments to the vesting levels as determined in accordance with Exhibits 1, 2, 3, and 4 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 3, and 4. If the aggregate number of Award Shares vesting under Section 2(b) and Exhibits 1, 2, 3 and 4 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 Non-GAAP EPS Achievement Percentage, the Total Revenue Achievement Percentage, and the Organic Revenue Growth 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 4 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 Non-GAAP EPS, Total Revenue, and Organic Revenue Growth 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

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 (***).

SIXTH AMENDMENT
TO
CONSOLIDATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC

SCHEDULE AMENDMENT

This **Sixth 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 Amended and Restated CSG Master Subscriber Management System Agreement effective as of January 1, 2022 (CSG document no. 44754), 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.

WHEREAS, pursuant to the Agreement CSG provides and Customer consumes Custom Rules Engine ("CRE") Services; and

WHEREAS, pursuant to the Agreement, CSG provides Customer with Production Environment support for the CRE Services for a mutually agreed upon fee; and

WHEREAS, pursuant to Schedule E, "Fees," Section 1, "CSG Services," Section 1, "Processing," subsection X, "Custom Implementation Services," subsection C, "Custom Rules Engine ("CRE")" of the Agreement, CSG provides up to [*****] Production Environment Support ***** to Customer in support of CRE; and

WHEREAS, CSG and Customer acknowledge and agree that pursuant to further additional and updated "rules" of CRE Services set forth in those certain various Statements of Work executed by the parties, CSG provides and Customer consumes [*****] Production Environment Support ***** per ***** in excess of the current [*****] Production Environment Support ***** referenced above; and

WHEREAS, Customer and CSG agree to increase the number of [*****] Production Environment Support ***** for CRE Services.

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 Amendment Effective Date (defined below).

1. Customer has requested and CSG has agreed to provide implementation and deployment of additional, and updates to current, "rules" to Custom Rules Engine ("CRE") Services provided by CSG and consumed by Customer.

2. Customer and CSG agree to increase the number of [***** Production Environment Support *****] to add an additional [***** (**) Production Environment Support ***** for CRE Services; i.e., an increase from ***** (**) to ***** (**) CRE ***** Production Support *****] commencing January 1, 2024.
3. As a result, CSG and Customer further agree Schedule F, “Fees,” Section 1, “CSG Services,” Section I, “Processing,” subsection X, “Custom Implementation Services,” subsection C, “Custom Rules Engine (“CRE”),” shall be deleted in its entirety and replaced as follows:

C. Custom Rules Engine (“CRE”)

Description of Item/Unit of Measure	Frequency	Fee
1. CRE Production Implementation Fees	[*****]	*****
2. Recurring [*****] Fees (Note 3)		
a. Production Environment Support Fees (Note 1)	[*****]	*****
b. Hosting Server Fees (Note 2)	[*****]	*****

Note 1: Commencing as of [***** **], Production Environment Support will be ***** (**) ***** per ***** (the “***** Production Environment Support *****”). The [*****] Production Support Fee covers post-deployment support, including answering functional questions, resolving Customer reported concerns, CRE operating system support, and CRE solution defects. Production Environment Support also includes, but is not limited to, modifying CRE to operate with systems other than ACSR6, including changes to CRE required by the use of new features, functions, products, or substantive configuration changes. Additional [*****] Production Environment Support [*****] may be available from CSG to Customer at the then-current Technical Services [*****] subject to execution by the parties of a mutually agreed-upon Amendment to the Agreement.

Note 2: Includes [***** (*)] virtual servers and [***** (*)] redundant database servers.

Note 3: Customer may discontinue the CRE Recurring [*****] Fees at any time; provided, however, Customer shall provide no less than ***** (**) ***** written notice (email is sufficient) prior to discontinuing the CRE Recurring [*****] Fees and upon such termination, Customer shall discontinue use of CRE and any Custom Implementation Services hosted on CRE hardware and CSG’s support of (i) the Production Environment and (ii) the Hosting Server will terminate. The Recurring [*****] Fees for the [*****] of CSG’s support of the CRE Production Environment and the Hosting Server will be due in full regardless of the date the notice of termination is provided.

THIS AMENDMENT is executed on the days and year last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC (“CUSTOMER”)

CSG SYSTEMS, INC. (“CSG”)

By: Charter Communications, Inc., its Manager

By: /s/ Philip Montsinger

Name: Philip Montsinger

Title: Group Vice President

Date: Mar 5, 2024

By: /s/ Michael J. Woods

Name: Michael Woods

Title: President, CMT

Date: Mar 4, 2024

**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 2, 2024

/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 2, 2024

/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 2, 2024

/s/ Brian A. Shepherd

Brian A. Shepherd
President and Chief Executive Officer

May 2, 2024

/s/ Hai Tran

Hai Tran
Executive Vice President and Chief Financial Officer
