

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

	Quarter Ended		Year Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Revenues:				
Processing and related services.....	\$ 115,919	\$ 104,379	\$ 439,975	\$ 382,070
Software, maintenance and services	<u>7,692</u>	<u>9,073</u>	<u>32,082</u>	<u>37,191</u>
Total revenues.....	<u>123,611</u>	<u>113,452</u>	<u>472,057</u>	<u>419,261</u>
Cost of revenues (exclusive of depreciation, shown separately below):				
Processing and related services	58,861	54,564	226,343	193,135
Software, maintenance and services	<u>4,569</u>	<u>6,059</u>	<u>19,007</u>	<u>24,674</u>
Total cost of revenues	63,430	60,623	245,350	217,809
Other operating expenses:				
Research and development.....	17,603	15,088	67,278	58,342
Selling, general and administrative.....	15,471	13,430	53,857	45,743
Depreciation	4,081	3,572	16,194	12,900
Restructuring charges	<u>8</u>	<u>85</u>	<u>79</u>	<u>630</u>
Total operating expenses	<u>100,593</u>	<u>92,798</u>	<u>382,758</u>	<u>335,424</u>
Operating income	<u>23,018</u>	<u>20,654</u>	<u>89,299</u>	<u>83,837</u>
Other income (expense):				
Interest expense	(1,744)	(1,761)	(7,421)	(7,126)
Interest and investment income, net	1,102	2,212	4,998	16,529
Gain on repurchase of convertible debt securities	7,001	-	7,001	-
Other, net.....	<u>(2)</u>	<u>88</u>	<u>15</u>	<u>221</u>
Total other.....	<u>6,357</u>	<u>539</u>	<u>4,593</u>	<u>9,624</u>
Income from continuing operations before income taxes.....	29,375	21,193	93,892	93,461
Income tax provision	<u>(9,505)</u>	<u>(7,629)</u>	<u>(32,444)</u>	<u>(33,298)</u>
Income from continuing operations.....	<u>19,870</u>	<u>13,564</u>	<u>61,448</u>	<u>60,163</u>
Discontinued operations:				
Income from discontinued operations.....	-	547	-	547
Income tax benefit	<u>-</u>	<u>(208)</u>	<u>323</u>	<u>61</u>
Discontinued operations, net of tax	<u>-</u>	<u>339</u>	<u>323</u>	<u>608</u>
Net income	<u>\$ 19,870</u>	<u>\$ 13,903</u>	<u>\$ 61,771</u>	<u>\$ 60,771</u>
Basic earnings per common share:				
Income from continuing operations.....	\$ 0.60	\$ 0.40	\$ 1.85	\$ 1.51
Discontinued operations, net of tax	<u>-</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>
Net income	<u>\$ 0.60</u>	<u>\$ 0.41</u>	<u>\$ 1.86</u>	<u>\$ 1.53</u>
Diluted earnings per common share:				
Income from continuing operations.....	\$ 0.59	\$ 0.40	\$ 1.84	\$ 1.50
Discontinued operations, net of tax	<u>-</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>
Net income	<u>\$ 0.59</u>	<u>\$ 0.41</u>	<u>\$ 1.85</u>	<u>\$ 1.52</u>
Weighted-average shares outstanding:				
Basic.....	33,254	33,779	33,207	39,670
Diluted	33,702	34,086	33,477	40,021