

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

	Year Ended	
	December 31, 2008	December 31, 2007
Cash flows from operating activities:		
Net income .....	\$ 61,771	\$ 60,771
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation .....	16,194	12,900
Amortization .....	16,833	18,972
Restructuring charge for abandonment of facilities .....	-	308
Gain on short-term investments and other .....	(1,813)	(3,305)
Gain on repurchase of convertible debt securities .....	(7,001)	-
Deferred income taxes .....	17,410	14,319
Excess tax benefit of stock-based compensation awards .....	(238)	(892)
Stock-based employee compensation .....	11,605	11,102
Changes in operating assets and liabilities:		
Trade accounts and other receivables, net .....	(1,772)	2,849
Other current and non-current assets .....	1,729	37
Income taxes payable/receivable .....	5,369	1,889
Trade accounts payable and accrued liabilities .....	934	(4,623)
Deferred revenue .....	<u>(6,374)</u>	<u>1,052</u>
Net cash provided by operating activities .....	<u>114,647</u>	<u>115,379</u>
Cash flows from investing activities:		
Purchases of property and equipment .....	(21,577)	(20,271)
Purchases of short-term investments .....	(83,093)	(209,436)
Proceeds from sale/maturity of short-term investments .....	36,245	379,008
Acquisition of businesses, net of cash acquired .....	(54,446)	(65,934)
Acquisition of and investments in client contracts .....	<u>(4,000)</u>	<u>(7,436)</u>
Net cash provided by (used in) investing activities .....	<u>(126,871)</u>	<u>75,931</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock .....	1,175	2,150
Repurchase of common stock .....	(5,777)	(311,623)
Payments on acquired equipment financing .....	(589)	-
Repurchase of convertible debt securities .....	(22,353)	-
Excess tax benefit of stock-based compensation awards .....	238	892
Net cash used in financing activities .....	<u>(27,306)</u>	<u>(308,581)</u>
Net decrease in cash and cash equivalents .....	(39,530)	(117,271)
Cash and cash equivalents, beginning of period .....	<u>123,416</u>	<u>240,687</u>
Cash and cash equivalents, end of period .....	<u>\$ 83,886</u>	<u>\$ 123,416</u>
Supplemental disclosures of cash flow information:		
Net cash paid during the period for -		
Interest .....	\$ 6,231	\$ 6,167
Income taxes .....	9,483	16,971