FORM 10-Q

CSG SYSTEMS INTERNATIONAL INC - CSGS

Filed: August 07, 2008 (period: June 30, 2008)

Quarterly report which provides a continuing view of a company's financial position

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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 June 30, 2008

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.)**

9555 Maroon Circle
Englewood, Colorado 80112
(Address of principal executive offices, including zip code)

(303) 200-2000
(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

Shares of common stock outstanding at August 4, 2008: 34,943,556

CSG SYSTEMS INTERNATIONAL, INC.

FORM 10-Q For the Quarter Ended June 30, 2008

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Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Item 1.

CSG SYSTEMS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	June 30, 2008	December 31, 2007
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 128,890	$ 123,416
Short-term investments	19,309	9,416
Total cash, cash equivalents and short-term investments	148,199	132,832
Trade accounts receivable-		
Billed, net of allowance of $1,557 and $1,487	105,669	114,132
Unbilled and other	7,319	6,038
Deferred income taxes	10,387	10,657
Income taxes receivable	—	2,128
Other current assets	6,217	6,399
Total current assets	277,791	272,186
Property and equipment, net of depreciation of $76,883 and $69,565	40,571	32,656
Software, net of amortization of $35,322 and $34,445	8,157	8,649
Goodwill	91,595	60,745
Client contracts, net of amortization of $107,998 and $98,822	33,390	31,526
Deferred income taxes	1,055	9,453
Other assets	8,017	7,173
Total assets	$ 460,576	$ 422,388
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Client deposits	$ 28,747	$ 26,657
Trade accounts payable	20,470	18,429
Accrued employee compensation	16,281	21,042
Deferred revenue	16,837	17,480
Income taxes payable	2,113	—
Other current liabilities	11,469	7,595
Total current liabilities	95,917	91,203
Non-current liabilities:		
Long-term debt	230,000	230,000
Deferred revenue	8,650	9,790
Income taxes payable	5,203	4,918
Other non-current liabilities	6,553	3,953
Total non-current liabilities	250,406	248,661
Total liabilities	346,323	339,864
Stockholders' equity:		
Preferred stock, par value $.01 per share; 10,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, par value $.01 per share; 100,000,000 shares authorized; 34,937,041 and 34,275,280 shares outstanding	629	622
Additional paid-in capital	353,850	350,272
Treasury stock, at cost, 27,956,808 and 27,956,808 shares	(667,858)	(667,858)
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on short-term investments, net of tax	(1)	15
Unrecognized pension plan losses and prior service costs, net of tax	(435)	(435)
Accumulated earnings	428,068	399,908
Total stockholders' equity	114,253	82,524
Total liabilities and stockholders' equity	$ 460,576	$ 422,388

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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

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

	Quarter Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	(unaudited)		(unaudited)	
Revenues:				
Processing and related services	$ 109,305	$ 90,313	$ 213,474	$ 179,922
Software, maintenance and services	7,565	9,191	16,992	18,326
Total revenues	116,870	99,504	230,466	198,248
Cost of revenues:				
Processing and related services	55,887	43,339	109,024	87,964
Software, maintenance and services	4,775	6,648	9,990	12,599
Total cost of revenues	60,662	49,987	119,014	100,563
Gross margin (exclusive of depreciation)	56,208	49,517	111,452	97,685
Operating expenses:				
Research and development	17,053	14,127	32,925	27,839
Selling, general and administrative	13,247	10,719	25,669	21,747
Depreciation	4,007	3,038	7,644	5,906
Restructuring charges	8	472	64	578
Total operating expenses	34,315	28,356	66,302	56,070
Operating income	21,893	21,161	45,150	41,615
Other income (expense):				
Interest expense	(1,874)	(1,895)	(3,682)	(3,681)
Interest and investment income, net	1,124	5,071	2,703	10,610
Other, net	1	73	15	135
Total other	(749)	3,249	(964)	7,064
Income from continuing operations before income taxes	21,144	24,410	44,186	48,679
Income tax provision	(7,823)	(8,788)	(16,026)	(17,282)
Income from continuing operations	13,321	15,622	28,160	31,397
Discontinued operations:				
Income from discontinued operations	—	—	—	—
Income tax benefit	—	—	—	269
Discontinued operations, net of tax	—	—	—	269
Net income	$ 13,321	$ 15,622	$ 28,160	$ 31,666
Basic earnings per common share:				
Income from continuing operations	$ 0.40	$ 0.37	$ 0.85	$ 0.72
Discontinued operations, net of tax	—	—	—	0.01
Net income	$ 0.40	$ 0.37	$ 0.85	$ 0.73
Diluted earnings per common share:				
Income from continuing operations	$ 0.40	$ 0.37	$ 0.85	$ 0.72
Discontinued operations, net of tax	—	—	—	0.01
Net income	$ 0.40	$ 0.37	$ 0.85	$ 0.73
Weighted-average shares outstanding:				
Basic	33,209	41,928	33,147	43,156
Diluted	33,345	42,312	33,267	43,514

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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

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

	Six Months Ended	
	June 30, 2008	June 30, 2007
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 28,160	$ 31,666
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation	7,644	5,906
Amortization	10,606	9,115
Restructuring charge for abandonment of facilities	—	308
Gain on short-term investments	(152)	(2,355)
Deferred income taxes	8,080	6,574
Excess tax benefit of stock-based compensation awards	(143)	(650)
Stock-based employee compensation	5,568	4,852
Changes in operating assets and liabilities:		
Trade accounts and other receivables, net	12,533	7,303
Other current and non-current assets	294	(70)
Income taxes payable/receivable	3,369	3,053
Trade accounts payable and accrued liabilities	(5,678)	(6,598)
Deferred revenue	(2,152)	1,057
Net cash provided by operating activities	68,129	60,161
Cash flows from investing activities:		
Purchases of property and equipment	(9,853)	(8,424)
Purchases of short-term investments	(19,102)	(139,258)
Proceeds from sale/maturity of short-term investments	9,345	157,300
Acquisition of businesses, net of cash acquired	(39,982)	(1,400)
Acquisition of and investments in client contracts	(2,346)	(5,868)
Net cash provided by (used in) investing activities	(61,938)	2,350
Cash flows from financing activities:		
Proceeds from issuance of common stock	536	1,435
Repurchase of common stock	(1,362)	(125,905)
Payments on acquired equipment financing	(34)	—
Excess tax benefit of stock-based compensation awards	143	650
Net cash used in financing activities	(717)	(123,820)
Net increase (decrease) in cash and cash equivalents	5,474	(61,309)
Cash and cash equivalents, beginning of period	123,416	240,687
Cash and cash equivalents, end of period	$ 128,890	$ 179,378
Supplemental disclosures of cash flow information:		
Net cash paid during the period for-		
Interest	$ 2,979	$ 2,970
Income taxes	4,565	7,244

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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

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 June 30, 2008 and December 31, 2007, and for the second quarter and six months ended June 30, 2008 and 2007, in accordance with accounting principles generally accepted in the United States of America ("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 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, contained in our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC. The results of operations for the second quarter and six months ended June 30, 2008 are not necessarily indicative of the expected results for the entire year ending December 31, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Postage. We pass through to our clients the cost of postage that is incurred on behalf of those clients, and typically require an advance payment on expected postage costs. These advance payments are included in "client deposits" in the accompanying Condensed Consolidated Balance Sheets and are classified as current liabilities regardless of the contract period. We net the cost of postage against the postage reimbursements, and include the net amount in processing and related services revenues. The cost of postage that has been shown net of the postage reimbursements from our clients for the second quarter of 2008 and 2007 was $61.2 million and $48.6 million, respectively, and for the six months ended June 30, 2008 and 2007 was $121.4 million and $97.2 million, respectively.

Accounting Pronouncements Adopted. Effective January 1, 2008 we adopted Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In addition, effective January 1, 2008, we adopted SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115" ("SFAS 159"), which permits an entity to choose to measure various financial instruments and certain other items at fair value, with changes in fair value recognized in earnings each reporting period. Upon adoption of SFAS 159, we did not elect to measure any additional assets or liabilities at fair value.

Short-term Investments and Other Financial Instruments. Our financial instruments as of June 30, 2008 and December 31, 2007 include cash and cash equivalents, short-term investments, accounts receivable, accounts payable, and long-term debt. Because of their short maturities, the carrying amounts of cash equivalents, accounts receivable, and accounts payable approximate their fair value.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Short-term investments are considered “available-for-sale” in accordance with SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities”, and thus are reported at fair value in our accompanying Condensed Consolidated Balance Sheets, with unrealized gains and losses excluded from earnings and reported in a separate component of stockholders’ equity. The fair value measurements are derived using quoted prices in active markets for identical assets and liabilities.

As of June 30, 2008 and December 31, 2007, the fair value of our Convertible Debt Securities, based upon quoted market prices, was approximately $191 million and $201 million, respectively.

Income Taxes. We follow the provisions of Financial Accounting Standards Board (“FASB”) Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”). This interpretation clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements in accordance with SFAS No. 109, “Accounting for Income Taxes”. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. There was not a significant change in our liability for unrecognized income tax benefits during the second quarter of 2008, and we do not anticipate a significant change within the next twelve months.

3. STOCKHOLDERS’ EQUITY AND EQUITY COMPENSATION PLANS

Stock Repurchase Program. We currently have a stock repurchase program, approved by our Board of Directors, authorizing us to repurchase up to 30 million shares of our common stock from time-to-time as market and business conditions warrant (the “Stock Repurchase Program”).

We did not repurchase any shares under our Stock Repurchase Program during the six months ended June 30, 2008. A summary of the shares repurchased during the second quarter and six months ended June 30, 2007, under the Stock Repurchase Program is as follows (in thousands, except per share amounts):

	Quarter Ended June 30, 2007	Six Months Ended June 30, 2007
Shares repurchased	1,805	4,806
Total amount paid	$ 47,490	$ 122,857
Weighted-average price per share	$ 26.30	$ 25.56

As of June 30, 2008, the shares repurchased under the Stock Repurchase Program since its inception in August 1999 totaled 28.8 million shares, at a total repurchase price of $696.5 million (a weighted-average price of $24.19 per share). As of June 30, 2008, the total remaining number of shares available for repurchase under the Stock Repurchase Program totaled 1.2 million shares.

Stock Repurchases for Tax Withholdings. In addition to the above mentioned stock repurchases, a summary of shares repurchased from our employees and then cancelled during the second quarter and six months ended June 30, 2008 and 2007, in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans, is as follows (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Shares repurchased	7	12	111	117
Total amount paid	$ 79	$ 306	$ 1,362	$ 3,048

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Stock-Based Awards. A summary of our unvested restricted stock activity during the second quarter and six months ended June 30, 2008 is as follows:

	Quarter Ended June 30, 2008		Six Months Ended June 30, 2008	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, beginning	1,721,795	$ 18.70	1,303,955	$ 23.60
Awards granted	22,900	12.36	757,400	11.81
Awards forfeited/cancelled	(22,205)	23.71	(37,205)	22.56
Awards vested	(21,000)	22.59	(322,660)	22.94
Unvested awards, ending	1,701,490	$ 18.50	1,701,490	$ 18.50

Included in the awards granted during the six months ended June 30, 2008, are Performance-Based Awards for 118,750 restricted stock shares issued to key members of management (primarily members of executive management), which vest in equal installments over three years upon meeting either pre-established financial performance objectives or pre-established stock price objectives. The Performance-Based Awards become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment.

All other unvested restricted stock shares granted during the six months ended June 30, 2008 are Time-Based Awards, which vest annually over four years with no restrictions other than the passage of time. Certain shares of the restricted stock become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment.

We recorded stock-based compensation expense of $3.0 million and $2.9 million for the second quarter of 2008 and 2007, respectively, and $5.6 million and $4.9 million for the six months ended June 30, 2008 and 2007, respectively.

4. EARNINGS PER COMMON SHARE

Calculation of Earnings Per Common Share. Earnings per common share ("EPS") have been computed in accordance with SFAS No. 128, "Earnings Per Share." Basic EPS is computed by dividing net income (the numerator) by the weighted-average number of common shares outstanding during the period (the denominator). Diluted EPS is consistent with the calculation of basic EPS while considering the effect of potentially dilutive common shares outstanding during the period. Unvested shares of restricted stock are not included in the basic EPS calculation. Basic and diluted EPS are presented on the face of our Condensed Consolidated Statements of Income.

No reconciliation of the basic and diluted EPS numerators is necessary for the second quarter and six months ended June 30, 2008 and 2007, as net income is used as the numerator for each period. The reconciliation of the EPS denominators is included in the following table (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Basic common shares outstanding	33,209	41,928	33,147	43,156
Dilutive effect of stock options	23	86	23	88
Dilutive effect of unvested restricted stock	113	298	97	270
Dilutive effect of Convertible Debt Securities	—	—	—	—
Diluted common shares outstanding	33,345	42,312	33,267	43,514

Potentially dilutive common shares related to stock options and unvested shares of restricted stock of 1.1 million and 0.2 million for the second quarter of 2008 and 2007, respectively, and 1.2 million and 0.3 million for the six months ended June 30, 2008 and 2007, respectively, were excluded from the computation of diluted EPS as their effect was antidilutive.

Upon conversion, we will settle the $230 million principal amount of our Convertible Debt Securities in cash, and have the option to settle our conversion obligation, to the extent it exceeds the principal amount, in our common stock, cash or any combination of our common stock and cash. As a result, the Convertible Debt Securities have a dilutive effect only in those quarterly periods in which our average stock price exceeds the current effective conversion price of $26.77 per share. The current effective conversion price of $26.77 per share may be adjusted in the future for certain events, to include stock dividends, stock splits/reverse splits, the issuance of warrants to purchase our stock at a price below the then-current market price, cash dividends, and certain purchases by us of our common stock pursuant to a self-tender offer or exchange offer.

5. COMPREHENSIVE INCOME

The components of our comprehensive income were as follows (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income	$ 13,321	$ 15,622	$ 28,160	$ 31,666
Other comprehensive income (loss), net of tax, if any:				
Unrealized loss on short-term investments	(27)	(12)	(16)	(16)
Comprehensive income	$ 13,294	$ 15,610	$ 28,144	$ 31,650

6. ACQUISITIONS

DataProse, Inc. On April 30, 2008, we acquired 100% of the voting equity interests of DataProse, Inc., ("DataProse") for $39.0 million in cash, plus $0.5 million in acquisition costs. DataProse is a privately-held provider of statement presentment and direct mail services headquartered in Oxnard, California. DataProse assists over 500 clients across the United States to market through improved billing statements and personalized direct mail. We acquired DataProse to further our objective of helping our clients maximize every customer interaction by both strengthening and broadening our portfolio of output solutions capabilities. Additionally, this acquisition allows us to diversify our client base into the utilities, financial services, and telecommunications markets, and add clients in the non-profit sectors of healthcare and higher education.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands).

	Amount
Current assets (includes cash and cash equivalents of $914)	$ 7,684
Fixed assets	4,699
Acquired customer relationships	7,800
Acquired other intangible assets	855
Goodwill	27,449
Other non-current assets	93
Total assets acquired	48,580
Current liabilities	(6,306)
Non-current liabilities	(2,744)
Total liabilities assumed	(9,050)
Net assets acquired	$ 39,530

The DataProse goodwill amount represents the excess of the cost of an acquired entity over the net amounts assigned to assets acquired and liabilities assumed. The weighted-average estimated lives assigned to the acquired customer relationships and acquired other intangible assets are 10-20 years and 2-5 years, respectively. Amortization expense related to these acquired intangible assets is recognized based upon the pattern in which the economic benefits of the acquired intangible assets are expected to be received. The DataProse acquired intangible assets and goodwill are deductible for income tax purposes.

The results of operations of DataProse are included in the accompanying Condensed Consolidated Statements of Income for the period subsequent to the acquisition date. Pro forma information on our historical results of operations to reflect the acquisition of DataProse is not presented as DataProse's results of operations during prior periods are not material to our results of operations.

We are in the process of obtaining certain information that we believe is necessary to finalize the DataProse purchase accounting, including the finalization of: (i) the valuation of the acquired customer relationships and other intangible assets; and (ii) a closing balance sheet audit which may result in a working capital adjustment, and thus an adjustment of the total purchase price. As of June 30, 2008, we are not expecting the working capital adjustment for DataProse to be material and are not expecting a significant change to our preliminary purchase price allocation. We expect our purchase accounting for DataProse to be completed by the end of 2008.

Prior Year Acquisitions. In August 2007, we acquired 100% of the voting equity interests of Prairie Voice Services, Inc., which we subsequently renamed Prairie Interactive Messaging, Inc. ("Prairie"). During the six months ended June 30, 2008, we made a minor change to the estimated fair value of acquired assets as of the date of the Prairie acquisition, resulting in a $0.3 million decrease in the amount of goodwill related to the Prairie acquisition.

In addition to the cash paid at closing for prior year acquisitions, the Prairie stock purchase agreement included contingent purchase price payments (related to the achievement of certain operating criteria) of up to $6 million. The rights to the contingent purchase price payments go through December 31, 2009. As of June 30, 2008, we have not reflected the $6 million contingent purchase price payment as a liability because of the uncertainty of payment. The Prairie contingent purchase price payment will be recorded as additional purchase price if and when the events associated with the contingencies are resolved or the outcomes of the contingencies are determinable beyond a reasonable doubt.

In July 2007, we acquired 100% of the voting equity interests of ComTec, Inc. ("ComTec"). In March 2008, we accrued a working capital adjustment of $0.7 million upon completion of a balance sheet audit and paid the working capital adjustment in the second quarter of 2008. The working capital adjustment, along with minor changes to the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition, resulted in a $0.7 million increase in the amount of goodwill related to the ComTec acquisition during the six months ended June 30, 2008.

The results of operations of ComTec and Prairie are included in the accompanying Condensed Consolidated Statements of Income for the periods subsequent to the acquisition dates. Pro forma information on our historical results of operations to reflect the acquisitions of ComTec and Prairie is not presented as ComTec's and Prairie's results of operations during prior periods are not material to our results of operations.

In March 2006, we acquired 100% of the voting equity interests of Telution, Inc. ("Telution"). The Telution stock purchase agreement included provisions for additional purchase price payments of up to $3 million, contingent upon the signing of certain revenue arrangements with certain clients (the "Revenue Earn Outs"). In previous periods, the Revenue Earn Outs were not reflected as part of the Telution purchase price as the events related to the contingencies had not yet been resolved, nor had the outcome of the contingencies been determined beyond a reasonable doubt. In June 2008, we accrued the $3 million related to the Revenue Earnouts as we amended the Telution stock purchase agreement to remove the contingencies. The $3 million Revenue Earn Outs liability, which resulted in a $3 million increase in the amount of goodwill related to the Telution acquisition, will be paid out in four equal quarterly installments beginning in July 2008 and ending in April 2009.

7. DEBT

Our long-term debt as of June 30, 2008 and December 31, 2007 consists of our Convertible Debt Securities. As of June 30, 2008: (i) none of the contingent conversion features have been achieved, and thus, the Convertible Debt Securities are not convertible by the holders; and (ii) we are in compliance with the provisions of the bond indenture related to the Convertible Debt Securities.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

We have made no borrowings on our $100 million 2004 Revolving Credit Facility. As of June 30, 2008, we: (i) are in compliance with the financial ratios and other covenants; and (ii) have $99.5 million available to us.

8. LONG-LIVED ASSETS

Goodwill. The changes in the carrying amount of goodwill for the six months ended June 30, 2008, to include goodwill resulting from our recent acquisitions (see Note 6), were as follows (in thousands):

January 1, 2008, balance	$60,745
DataProse acquisition	27,449
Adjustments to prior acquisitions	3,401
June 30, 2008, balance	$91,595

Other Intangible Assets. Our intangible assets subject to ongoing amortization consist primarily of client contracts and software. As of June 30, 2008 and December 31, 2007, the carrying values of these assets were as follows (in thousands):

	June 30, 2008			December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Client contracts	$ 141,388	$ (107,998)	$ 33,390	$ 130,348	$ (98,822)	$ 31,526
Software	43,479	(35,322)	8,157	43,094	(34,445)	8,649
Total	$ 184,867	$ (143,320)	$ 41,547	$ 173,442	$ (133,267)	$ 40,175

The total amortization expense related to intangible assets for the second quarter of 2008 and 2007 was $5.3 million and $4.3 million, respectively, and for the six months ended June 30, 2008 and 2007, was $10.0 million and $8.5 million, respectively. Based on the June 30, 2008 net carrying value of our intangible assets, the estimated total amortization expense for each of the five succeeding fiscal years ending December 31 are: 2008 – $15.5 million; 2009 – $9.0 million; 2010 – $8.6 million; 2011 – $7.5 million; and 2012 – $6.5 million.

9. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Product and Services Warranties. We generally warrant that our products and related offerings will conform to published specifications, or to specifications provided in an individual client arrangement, as applicable. The typical product warranty period is 90 days from delivery of the product or offering. For certain service offerings we provide a limited warranty for the duration of the services provided. We generally warrant that services will be performed in a professional and workmanlike manner. The typical remedy for breach of warranty is to correct or replace any defective deliverable, and if not possible or practical, we will accept the return of the defective deliverable and refund the amount paid under the client 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.

Product and Services Indemnifications. Our arrangements with our clients generally include an indemnification provision that will indemnify and defend a client in actions brought against the client 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 clients typically cap our liability for breach to a specified amount of the direct damages incurred by the client 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 outsourced customer care and billing 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 June 30, 2008, 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 clients. The amount of the reserve maintained for this purpose is not material.

Indemnifications Related to Sold Businesses. In conjunction with the sale of the GSS business in December 2005, we provided certain indemnifications to the buyer of this business which are considered routine in nature (such as employee, tax, or litigation matters that occurred while these businesses were under our ownership). Under the provisions of this indemnification agreement, payment by us is conditioned on the other party making a claim pursuant to the procedures in the indemnification agreement, and we are typically allowed to challenge the other party's claims. In addition, certain of our obligations under this indemnification agreement are limited in terms of time and/or amounts, and in some cases, we may have recourse against a third party if we are required to make certain indemnification payments.

We estimated the fair value of these indemnifications at $2.8 million as of the closing date for the sale of the GSS business. Since the sale of the GSS business, we have made an indemnification payment of $0.1 million, and as of June 30, 2008, the indemnification liability was $2.3 million. It is not possible to predict the maximum potential amount of future payments we may be required to make under this indemnification agreement due to the conditional nature of our obligations and the unique facts and circumstances associated with each indemnification provision. We believe that if we were required to make payments in excess of the indemnification liability we have recorded, the resulting loss would not have a material effect on our financial condition or results of operations. If any amounts required to be paid by us would differ from the amounts initially recorded as indemnification liabilities as of the closing dates for the sale of the GSS business, the difference would be reflected in the discontinued operations section of our Condensed Consolidated Statements of Income.

Indemnifications Related to Officers and the Board of Directors. We have agreed to indemnify certain of our officers and members of our Board of Directors if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. We maintain directors' and officers' (D&O) insurance coverage to protect against such losses. We have not historically incurred any losses related to these types of indemnifications, and are not aware of any pending or threatened actions or claims against any officer or member of our Board of Directors. As a result, we have not recorded any liabilities related to such indemnifications as of June 30, 2008. 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. We are not presently a party to any material pending or threatened legal proceedings.

10. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

SFAS 141 (revised 2007) - Business Combinations. In December 2007, the FASB issued SFAS 141 (revised 2007), "Business Combinations" ("SFAS 141(R)"), which significantly changes the accounting for business combinations. Under SFAS 141(R), an acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141(R) further changes the accounting treatment for certain items, including: (i) acquisition costs will be generally expensed as incurred; (ii) noncontrolling interests (formerly known as "minority interests") will be valued at fair value at the acquisition date; (iii) acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies; (iv) contingent consideration will be valued at fair value at the acquisition date and remeasured to fair value at each reporting date until the contingency is resolved; (v) in-process research and development ("IPR&D") will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date, treated as an indefinite-lived intangible asset until completion or abandonment, and upon completion, the IPR&D asset will be amortized over its useful life; (vi) restructuring costs associated with a business combination will be expensed subsequent to the acquisition date; and (vii) changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

income tax expense. SFAS 141(R) also includes a substantial number of new disclosure requirements. The provisions of SFAS 141(R) are effective for us for all business combinations for which the acquisition date is on or after January 1, 2009, with early adoption prohibited.

FASB Staff Position No. APB 14-a - Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement). In May 2008, the FASB issued FASB Staff Position ("FSP") No. APB 14-a, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)". This FSP clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement), which would include our Convertible Debt Securities, are not addressed by paragraph 12 of Accounting Principles Board ("APB") Opinion No. 14, "Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants", and requires that instruments within its scope be separated into their liability and equity components at initial recognition by: (i) recording the liability component at the fair value of a similar liability that does not have an associated equity component; and (ii) attributing the remaining proceeds from the issuance to the equity component. The FSP also requires that discounts on the liability component of instruments within its scope be amortized using the interest method over the expected life of a similar liability that does not have an associated equity component (considering the effects of prepayment features other than the conversion option).

The new model for accounting for convertible debt instruments that may be settled in cash is required to be applied retrospectively to all periods presented and is first applicable to our consolidated financial statements that will be included in our March 31, 2009 Form 10-Q. We are currently in the process of quantifying the impact of this FSP. While we have not completed such quantification, the application of this FSP is expected to have a material impact on our consolidated balance sheet, decreasing the amounts we report and have previously reported for long-term debt and increasing the amounts we report and have previously reported for total deferred income tax assets and stockholders' equity. The FSP is expected to have a material impact on our consolidated statement of income, increasing the amounts we report and have previously reported for interest expense and reducing the amounts we report and have previously reported for earnings per common share. The FSP is not expected to have an impact on our consolidated statement of cash flows as the recognition of the additional interest expense will be a non-cash expense.

FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities". In June 2008, the FASB issued FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities". This FSP provides guidance on the calculation of earnings per share under SFAS No. 128, "Earnings per Share" for share-based payment awards with rights to dividends or dividend equivalents. Under the FSP's guidance, unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to SFAS 128's two-class method. Since the unvested restricted stock awards under our stock incentive plans contain nonforfeitable rights to cash dividends, we have concluded that this FSP will have an impact on our earnings per share calculation, but the negative impact is not expected to be significant. This FSP is effective for our consolidated financial statements that will be included in our March 31, 2009 Form 10-Q, and all prior period earnings per share data presented will have to be adjusted retroactively (including interim financial statements, summaries of earnings, and selected financial data) to conform with the provisions of this FSP.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

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

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto (the "Financial Statements") included in this Form 10-Q and the audited consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2007 (our "2007 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 II Item 1A., "Risk Factors". Item 1A. constitutes an integral part of this report, and readers are strongly encouraged to review this section closely in conjunction with MD&A.

Management Overview of Quarterly Results

Our Company. We are a leading provider of outsourced solutions that facilitate customer interaction management on the behalf of our clients, generating a large percentage of our revenues from the North American cable and Direct Broadcast satellite ("DBS") industries. Our solutions also support an increasing number of other industries such as financial services, utilities, telecommunications, and home security.

Our solutions manage key customer interactions such as set-up and activation of customer accounts, sales support and marketing, order processing, invoice calculation (i.e., customer billing), production and mailing of monthly customer invoices, management reporting, electronic presentment and payment of invoices, automated and interactive messaging, and deployment and management of the client's field technicians to the customer's home. Our combination of solutions, services, and expertise ensures that our clients can rapidly launch new service offerings, improve operational efficiencies, and deliver a high-quality customer experience in a competitive and ever-changing marketplace.

The North American communications industry has experienced significant consolidation over the last few years, resulting in a large percentage of the market being served by a fewer number of services providers with greater size and scale. Consistent with this market concentration, a large percentage of our revenues are generated from a limited number of clients, with approximately two-thirds of our revenues being generated from our four largest clients, which are Comcast Corporation ("Comcast"), DISH Network Corporation ("DISH"), Time Warner Inc. ("Time Warner"), and Charter Communications ("Charter").

Impact of DataProse Acquisition. On April 30, 2008, we acquired DataProse, Inc. ("DataProse"), which is discussed in greater detail in Note 6 to our Financial Statements. For the second quarter of 2008, DataProse contributed approximately $3.5 million of revenue and was slightly dilutive to our results of operations for the quarter. For the full year 2008, DataProse is expected to contribute approximately $15 million of revenue and have a slightly dilutive impact to our results of operations.

Second Quarter Highlights. A summary of our results of operations for the second quarter of 2008 is as follows:

- Our revenues for the second quarter of 2008 were $116.9 million, up 17.5% when compared to $99.5 million for the same period in 2007, and up 2.9% when compared to $113.6 million for the first quarter of 2008.

  - The year-over-year increase in revenues is primarily due to the additional revenues generated from the businesses we have acquired over the past twelve months; ComTec, Inc. ("ComTec") in July 2007, Prairie Interactive Messaging, Inc. ("Prairie") in August 2007, and DataProse in April 2008 (collectively, the "Acquired Businesses"), with the remaining portion of the increase related to organic growth factors.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

  - The increase in revenues between sequential quarters is related primarily to the acquisition of DataProse in April 2008, discussed above.

- Our operating expenses for the second quarter of 2008 were $95.0 million, up 21.2% when compared to $78.3 million for the same period in 2007, and up 5.1% when compared to $90.3 million for the first quarter of 2008.

  - The year-over-year increase in operating expense relates primarily to the impact of the Acquired Businesses.

  - The increase in operating expense between sequential quarters is primarily due to the acquisition of DataProse in April 2008, discussed above.

- Operating income for the second quarter of 2008 was $21.9 million, or 18.7% of total revenues, compared to $21.2 million, or 21.3% of total revenues for the second quarter of 2007. The decrease in operating margin between years is primarily due to the impact of the Acquired Businesses.

- Other income (expense) for the second quarter of 2008 was $(0.8) million, down $4.0 million from $3.2 million for the second quarter of 2007, and down $0.6 million from $(0.2) million for the first quarter of 2008. The year-over-year decrease is a result of lower interest and investment income primarily due to a significant decrease in our cash and short-term investment balances between years, as a result of our stock repurchase activity in 2007 and the purchases of the Acquired Businesses, and a decrease in the overall rate of return realized on investments between years due to a deterioration in the interest rate environment.

- Our diluted earnings per common share for the second quarter of 2008 was $0.40, an increase of 8.1% when compared to $0.37 per diluted share for the second quarter of 2007, and a decrease of 11.1% when compared to $0.45 per diluted share for the first quarter of 2008.

  - The year-over-year increase in our diluted earnings per common share, despite the decrease in net income between periods as a result of the $4.0 million drop in other income (expense) discussed above, is primarily due to a decrease of approximately 21% in diluted shares outstanding as a result of significant share repurchases made under our stock repurchase program during the second half of 2007.

  - The sequential quarterly decrease in our diluted earnings per common share is a result of our lower operating margin for the second quarter of 2008 when compared to the first quarter of 2008.

- Net income for the second quarter of 2008 includes non-cash charges related to depreciation, amortization of intangible assets, and stock-based compensation expense totaling $12.2 million (pretax impact), or $0.24 per diluted share impact, as compared to non-cash charges for the second quarter of 2007 of $10.2 million (pretax impact), or $0.15 per diluted share.

- We continue to generate strong cash flows from operations. As of June 30, 2008, we had cash, cash equivalents, and short-term investments of $148.2 million, as compared to $146.6 million as of March 31, 2008, and $132.8 million as of December 31, 2007.

  Cash flows from operating activities for the second quarter of 2008 were $47.3 million, compared to $24.5 million for the second quarter of 2007, and $20.9 million for the first quarter of 2008, with the fluctuations between periods related primarily to changes in trade accounts receivables. See the “Liquidity” section below for further discussion.

Other key matters were as follows:

- In July 2008, we entered into a restated and amended Master Subscriber Management System Agreement with Comcast that extends our contractual relationship with Comcast through December 31, 2012. See our Significant Client Relationships Section below for further discussion.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

- Our current processing agreement with DISH runs through December 31, 2008. See our Significant Client Relationships Section below for further discussion.

- During the second quarter of 2008, we invested $17.1 million, or 14.6% of our revenues, in research and development (“R&D”) activities.

- Total customer accounts processed on our systems as of June 30, 2008 were 45.4 million, relatively consistent when compared to 45.1 million as of June 30, 2007, and 45.6 million as of March 31, 2008.

Significant Client Relationships

Client Concentration. Approximately two-thirds of our total revenues are generated from our four largest clients, which include Comcast, DISH, Time Warner, and Charter. Revenues from these clients represented the following percentages of our total revenues for the second quarter of 2008, the first quarter of 2008, and the second quarter of 2007:

	Quarter Ended		
	June 30, 2008	March 31, 2008	June 30, 2007
Comcast (1)	27%	27%	28%
DISH (1)	18%	19%	21%
Time Warner	14%	13%	13%
Charter	8%	8%	9%

(1) The slight decrease in our percentage of revenues generated from Comcast and DISH for the first and second quarters of 2008 when compared to the second quarter of 2007, is primarily due to greater revenue diversification resulting from our acquisitions over the past twelve months.

As of June 30, 2008, December 31, 2007, and June 30, 2007, the percentages of net billed accounts receivable balances attributable to our largest clients were as follows:

	As of		
	June 30, 2008	December 31, 2007	June 30, 2007
Comcast	34%	32%	31%
DISH	20%	22%	21%
Time Warner	12%	11%	9%
Charter	10%	9%	11%

Comcast. On July 10, 2008, we entered into a restated and amended Master Subscriber Management System Agreement (the “Agreement”) with Comcast. Our previous contract with Comcast was scheduled to expire December 31, 2008. The Agreement is effective beginning July 1, 2008 and runs through December 31, 2012. The expected scope of the products and services to be utilized under the new Agreement is consistent with our previous Comcast contract and provides Comcast the option to expand its utilization of certain of our products and services not fully deployed in all of the Comcast markets we currently serve, or across Comcast’s entire enterprise.

The fees to be generated under the Agreement will be based on monthly charges for processing and related services per Comcast customer account, and various other ancillary services based on actual usage. The per unit fees are subject to annual inflationary price escalators. The Agreement includes various volume-based pricing incentives. When compared to the previous contract, there is a price reduction at several of the higher volume tiers, which in effect, reduces the fees we will be receiving for such services at Comcast’s current customer account levels.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

The Agreement contains certain financial commitments associated with the number of Comcast customer accounts that are to be processed on our systems, with such commitments decreasing over the life of the Agreement, beginning in 2009. The Agreement provides Comcast with the flexibility to either add or remove customer accounts from our systems with sufficient written notification. However, if Comcast chooses to process fewer customer accounts on our systems than the committed amounts, the monthly fees to be paid by Comcast will be based on the higher number of committed customer accounts for the applicable billing period.

Consistent with the structure of the previous Comcast contract, the new Agreement contains certain rights and obligations of both parties relating to the following: (i) the termination of the Agreement under certain conditions; (ii) various service level commitments; and (iii) remedies and limitation on liabilities associated with specified breaches of contractual obligations.

We have a $6 million Comcast client contract intangible asset that was previously being amortized as a contra revenue charge through December 31, 2008. As a result of the extension in the life of our contractual arrangement with Comcast, the amortization of the remaining $6 million will be extended through the end of the new contractual period of December 31, 2012. Beginning July 1, 2008, the amortization of the Comcast client contract intangible asset will be $0.1 million per month, compared to the previous $1.0 million per month, which will result in an approximate $5 million reduction in contra revenue amortization in the second half of 2008, when compared to the first half of 2008. The reduction in contra revenue amortization will primarily offset the expected decrease in recurring monthly processing fees that we will be receiving from Comcast, as mentioned above.

A copy of the Agreement, with confidential information redacted, will be included as an exhibit to our Form 10-Q for the quarter ended September 30, 2008. We encourage readers to review this document, when available, for additional details.

DISH. Our processing agreement with DISH runs through December 31, 2008, and provides DISH with the option to extend the term of the agreement for either one or two years beyond the end of December 2008. We are currently engaged in discussions with DISH regarding contract renewal options. Although we believe our operating relationship with DISH is good, there can be no assurances around the timing and/or the terms of any contract extension or renewal arrangement at this time. The DISH processing agreement includes certain annual financial commitments that we expect DISH to exceed based on the number of DISH customers currently on our systems. The DISH processing agreement and related material amendments are included in the exhibits to our periodic filings with the SEC, and we encourage readers to review these documents for further details.

Risk of Client Concentration. In the near term, we expect to continue to generate a large percentage of our total revenues from our four largest clients, Comcast, DISH, Time Warner, and Charter. There are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of clients. One such risk is that, should a significant client: (i) terminate or fail to renew its contract with us, in whole or in part, for any reason; (ii) significantly reduce the number of customer accounts processed on our systems, the price paid for our services, or the scope of services that we provide; or (iii) experience significant financial or operating difficulties, it could have a material adverse effect on our financial condition and results of operations.

Stock-Based Compensation Expense

Stock-based compensation expense is included in the following captions in the accompanying Condensed Consolidated Statements of Income (in thousands):

	Quarter Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Cost of processing and related services	$ 872	$ 858	$ 1,675	$ 1,451
Cost of software, maintenance and services	169	186	328	334
Research and development	449	313	785	499
Selling, general and administrative	1,492	1,448	2,780	2,496
Restructuring	—	72	—	72
Total stock-based compensation expense	$ 2,982	$ 2,877	$ 5,568	$ 4,852

Critical Accounting Policies

The preparation of our Financial Statements in conformity with accounting principles generally accepted in the U.S. 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 condition and the results of our business' continuing 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: (i) revenue recognition; (ii) allowance for doubtful accounts receivable; (iii) impairment assessments of long-lived assets; (iv) loss contingencies; (v) income taxes; and (vi) business combinations and asset purchases. These critical accounting policies, as well as our other significant accounting policies, are discussed in greater detail in our 2007 10-K.

Results of Operations

Total Revenues. Total revenues for the: (i) second quarter of 2008 increased $17.4 million, or 17.5% to $116.9 million, from $99.5 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 increased $32.3 million, or 16.3% to $230.5 million, from $198.2 million for the six months ended June 30, 2007. The increase in revenues between periods relates primarily to the Acquired Businesses. The components of total revenues are discussed in more detail below.

Processing and related services revenues. Processing and related services revenues for the: (i) second quarter of 2008 increased $19.0 million or 21.0% to $109.3 million, from $90.3 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 increased $33.6 million or 18.7% to $213.5 million, from $179.9 million for the six months ended June 30, 2007. The increase in processing and related services revenues between periods is primarily due to: (i) revenues generated from the Acquired Businesses, as all of their revenues fall within this revenue classification; and to a much lesser degree, (ii) organic growth resulting from increased utilization of new and existing products and services by our clients, to include such things as higher usage of marketing services and various ancillary customer care solutions.

Additional information related to processing and related services revenues is as follows:

- Amortization of our client contracts intangible assets (reflected as a reduction of processing and related services revenues) for the: (i) second quarter of 2008 and 2007 was $3.6 million; and (ii) six months ended June 30, 2008 and 2007 was $7.2 million. Going forward, our amortization expense related to the Comcast client contract intangible asset will decrease, as noted above. See the Significant Client Relationship section for further details.

- Total customer accounts processed on our systems as of June 30, 2008 were 45.4 million, relatively consistent when compared to 45.1 million as of June 30, 2007, and 45.6 million as March 31, 2008.

Software, Maintenance and Services Revenues. Software, maintenance and services revenues for the: (i) second quarter of 2008 decreased $1.6 million, or 17.7% to $7.6 million, from $9.2 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 decreased $1.3 million or 7.3% to $17.0 million, from $18.3 million, for the six months ended June 30, 2007. The decrease in software, maintenance and services revenues between periods is a primarily a result of lower professional services revenues in the second quarter of 2008 due to the timing and type of work on several projects when compared to the prior year period.

Cost of Revenues. See our 2007 10-K for a description of the types of costs that are included in the individual line items for cost of revenues.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Cost of Processing and Related Services. The cost of processing and related services for the: (i) second quarter of 2008 increased $12.6 million, or 29.0% to $55.9 million, from $43.3 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 increased $21.0 million, or 23.9% to $109.0 million, from $88.0 million for the six months ended June 30, 2007. The increase between periods is primarily due to: (i) cost of revenues related to the Acquired Businesses, as all of their cost of revenues fall within this expense classification; and to a much lesser degree, (ii) an increase in variable costs related to the delivery of products and services (e.g., data processing, print costs, etc.), which directly correlate with the increase in revenues related to these products and services.

The gross margin percentage for processing and related services was: (i) 48.9% for the second quarter of 2008 compared to 52.0% for the second quarter of 2007; and (ii) 48.9% for the six months ended June 30, 2008 compared to 51.1% for the six months ended June 30, 2007. The decrease in gross margin percentages between periods is primarily due to the impact of the Acquired Businesses. The Acquired Businesses currently operate at a lower gross margin percentage level than our historical business operations.

Cost of Software, Maintenance and Services. The cost of software, maintenance and services for the: (i) second quarter of 2008 decreased $1.9 million, or 28.2% to $4.8 million, from $6.7 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 decreased $2.6 million, or 20.7% to $10.0 million, from $12.6 million for the six months ended June 30, 2007. The decrease between periods is primarily due to a reduction in personnel assigned internally to software maintenance projects, and alternatively assigned to R&D projects.

The gross margin percentage for software, maintenance and services was: (i) 36.9% for the second quarter of 2008, as compared to 27.7% for the second quarter of 2007; and (ii) 41.2% for the six months ended June 30, 2008, as compared to 31.3% for the six months ended June 30, 2007. The increase in gross margin percentage is primarily attributed to: (i) a decrease in personnel assigned internally to software maintenance projects, and alternatively assigned to R&D projects; and (ii) the change in mix of revenues between periods. Variability in quarterly revenues and operating results are inherent characteristics of companies that sell software licenses, and perform professional services. Our quarterly revenues for software licenses and professional services may fluctuate, depending on various factors, including the timing of executed contracts and revenue recognition, and the delivery of contracted services or products. However, the costs associated with software and professional services revenues are not subject to the same degree of variability (e.g., these costs are generally fixed in nature within a relatively short period of time), and thus, fluctuations in our software and maintenance, professional services, and overall gross margins, will likely occur between periods.

Gross Margin (Exclusive of Depreciation). The overall gross margin percentage (exclusive of depreciation) for the: (i) second quarter of 2008 was 48.1%, compared to 49.8% for the second quarter of 2007; and (ii) six months ended June 30, 2008 was 48.4%, compared to 49.3% for the six months ended June 30, 2007. The changes in the overall gross margin percentages between periods is primarily due to the impact of the Acquired Businesses.

R&D Expense. R&D expense for the: (i) second quarter of 2008 increased $3.0 million or 20.7% to $17.1 million, from $14.1 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 increased $5.1 million, or 18.3% to $32.9 million, from $27.8 million for the six months ended June 30, 2007. The increase between periods is primarily due to an increase in personnel on R&D projects, reflective of our increased focus on product development and enhancement efforts. As a percentage of total revenues, R&D expense was 14.6% for the second quarter of 2008, compared to 14.2% for the second quarter of 2007, and 14.0% for the first quarter of 2008. We did not capitalize any internal software development costs during the quarter or six months ended June 30, 2008 and 2007.

Our R&D efforts have been focused on the continued evolution of our products, both functionally and architecturally, in response to market demands that our products have certain functional features and capabilities, as well as architectural flexibilities (such as service oriented architecture, or SOA). This product evolution will result in the modularization of certain product functionality that historically has been tightly integrated within our product suite, which will allow us to respond more quickly to required changes to our products and provide greater interoperability with other computer systems. Although our primary value proposition to our clients will continue to be the breadth and depth of our integrated solutions, these R&D efforts will also allow us to separate certain product components so as to allow such components to be marketed on a stand-alone basis where a specific client requirement and/or business need dictates, including the use of certain products across non-CSG customer care and billing systems.

At this time, we expect our future R&D efforts to continue to focus on similar tasks as noted above. In the near term, we expect that the percentage of our total revenues spent on R&D to be relatively consistent with the first half of 2008, with the level of our R&D spend highly dependent upon the opportunities that we see in our markets.

Selling, General and Administrative (“SG&A”) Expense. SG&A expense for the: (i) second quarter of 2008 increased $2.5 million, or 23.6% to $13.2 million, from $10.7 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 increased $4.0 million, or 18.0% to $25.7 million, from $21.7 million for the six months ended June 30, 2007. The increase in SG&A expense is primarily due to the impact of the Acquired Businesses. As a percentage of total revenues, SG&A expense was 11.3% for the second quarter of 2008, compared to 10.8% for the second quarter of 2007.

Depreciation Expense. Depreciation expense for the: (i) second quarter of 2008 increased $1.0 million, or 31.9% to $4.0 million, compared to $3.0 million for the second quarter of 2007; and (ii) six months ended June 30, 2008 increased $1.7 million, or 29.4% to $7.6 million, compared to $5.9 million for the six months ended June 30, 2007. The increase in depreciation expense is primarily due to the increased capital expenditures made over the past year, to include the acquired property and equipment from our acquisition activities. Depreciation expense for all property and equipment is reflected separately in the aggregate and is not included in the cost of revenues or the other components of operating expenses.

Operating Income. Operating income for the: (i) second quarter of 2008 was $21.9 million, or 18.7% of total revenues, compared to $21.2 million, or 21.3% of total revenues for the second quarter of 2007; and (ii) six months ended June 30, 2008 was $45.2 million or 19.6% of total revenues, compared to $41.6 million, or 21.0% of total revenues for the six months ended June 30, 2007. The decrease in operating income margin between years is primarily due to the impact of the Acquired Businesses.

At this time, we expect our operating income margin to trend down over the remainder of the year, with our full year 2008 operating margin expected to be approximately 18%. The decrease in our expected operating income margin for the remainder of 2008 is primarily due to: (i) an expected upward trend in expenses primarily as a result of annual employee wage increases which will occur early in the third quarter; (ii) our commitment to further advance our products and solutions through continued R&D and support efforts; and (iii) the expected effect of the DataProse acquisition on a GAAP basis.

Total non-cash charges related to depreciation, amortization of intangible assets, and stock-based compensation expense included in the determination of operating income for the: (i) second quarter of 2008 and 2007 were $12.2 million and $10.2 million, respectively; and (ii) six months ended June 30, 2008 and 2007 were $23.2 million and $19.3 million, respectively.

Interest and Investment Income, net. Interest and investment income for the: (i) second quarter of 2008 decreased $4.0 million, to $1.1 million, from $5.1 million for the second quarter of 2007; and (ii) six months ended June 30, decreased $7.9 million, to $2.7 million, from $10.6 million. The decrease is primarily due to the following: (i) a significant decrease in our cash and short-term investment balances between years primarily due to our stock repurchase activity in 2007, and to a lesser degree, the purchase of the Acquired Businesses; and (ii) a decrease in the overall rate of return realized on investments between periods due to a deterioration in the interest rate environment.

As discussed in Note 10 to the Financial Statements, we will be required to adopt FASB Staff Position (“FSP”) No. APB 14-a, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)” effective January 1, 2009. The adoption of this FSP will impact how we account for our Convertible Debt Securities, which among other things, will increase the amount of interest expense related to our Convertible Debt Securities. We are currently in the process of quantifying the impact of this FSP. However, we expect the adoption of this FSP will significantly increase our interest expense, and thus, have a material impact on our results of operations. This FSP is not expected to have an impact on our cash flows as the recognition of the additional interest expense will be a non-cash expense.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Income Tax Provision. The effective income tax rates for the second quarter and six months ended June, 30, 2008 and 2007 are as follows:

Quarter Ended June 30,		Six Months Ended June 30,	
2008	2007	2008	2007
37%	36%	36%	36%

At this time, we estimate that our overall effective income tax rate for the full year 2008 will range between 35% and 36%.

As of June 30, 2008, our $11.4 million of net deferred income tax assets represented 2.5% of total assets. We continue to believe that sufficient taxable income will be generated in the future in order to realize the benefit of these net deferred income tax assets. Our assumptions of future profitable operations are supported by our strong operating performances over the last several years.

Liquidity

Cash and Liquidity

As of June 30, 2008 our principal sources of liquidity included cash, cash equivalents, and short-term investments of $148.2 million, compared to $146.6 million as of March 31, 2008 and to $132.8 million as of December 31, 2007. We generally invest our excess cash balances in low-risk, short-term investments to limit our exposure to market risks. We have ready access to all of our cash, cash equivalents, and short-term investment balances.

In addition to the above sources of liquidity, we also have a five-year, $100 million senior secured revolving credit facility (the "2004 Revolving Credit Facility") with a syndicate of U.S. financial institutions that expires in September 2009. The 2004 Revolving Credit Facility has a $40 million sub-facility for standby and commercial letters of credit and a $10 million sub-facility for same day advances. We have made no borrowings under the 2004 Revolving Credit Facility. Our ability to borrow under the 2004 Revolving Credit Facility is subject to a limitation of total indebtedness based upon the results of consolidated leverage and interest coverage ratio calculations, and a minimum liquidity requirement. As of June 30, 2008, we were in compliance with the financial ratios and other covenants of the 2004 Revolving Credit Facility, and had $99.5 million available to us.

Cash Flows From Operating Activities

We calculate our cash flows from operating activities in accordance with GAAP, beginning with net income, adding back the impact of non-cash items (e.g., depreciation, amortization of intangible assets, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities. See our 2007 10-K for a description of the primary uses and sources of our cash flows from operating activities.

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

	Operations	Changes in Operating Assets and Liabilities	Net Cash Provided by Operating Activities – Quarter Totals
Cash Flows from Operating Activities:			
2007:			
March 31 (1)	$ 27,199	$ 8,464	$ 35,663
June 30	28,217	(3,719)	24,498
September 30 (2)	28,404	7,266	35,670
December 31 (3)	30,355	(10,807)	19,548
2008:			
March 31 (4)	31,538	(10,686)	20,852
June 30 (5)	28,225	19,052	47,277

(1) Cash flows from operating activities for the first quarter of 2007 were positively impacted by approximately $10 million as we received an additional monthly processing invoice payment from a key client before quarter end. As a result, we received four monthly processing invoice payments from this key client during the first quarter of 2007, as compared to three monthly processing invoice payments in a typical quarter.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(2) Cash flows from operating activities for the third quarter of 2007 were positively impacted by normal timing changes in certain operating assets and liabilities for the quarter.

(3) Cash flows from operating activities for the fourth quarter of 2007 were negatively impacted by normal changes in operating assets and liabilities, primarily related to the timing of payments for accrued payables and the collections on outstanding accounts receivable at quarter end.

(4) Cash flows from operating activities for the first quarter of 2008 were negatively impacted by approximately $10 million as the result of a delay in the receipt of a monthly processing invoice payment from a key client. This payment was received during the first week of April 2008. As a result, we received two monthly processing invoice payments from this key client during the first quarter of 2008, as compared to three monthly processing invoice payments in a typical quarter.

(5) Cash flows from operating activities for the second quarter of 2008 were positively impacted by the decrease in accounts receivable, to include the receipt of the delayed first quarter key client payment of $10 million referenced above, which resulted in the payment of four monthly invoices by this key client in the second quarter.

We believe the table presented above demonstrates our ability to consistently generate strong cash flows and the importance of managing our operating assets and liabilities. As the table above illustrates, the operations portion of our cash flows from operating activities remains relatively consistent between periods. The variations in our net cash provided by operating activities are primarily the result of the changes in our operating assets and liabilities related to our operations, 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 June 30, 2008 and December 31, 2007 that impacted our cash flows from operating activities are as follows:

Billed Trade Accounts Receivable

Management of our billed trade accounts receivable is important in maintaining strong quarterly cash flows from operating activities. Our billed trade accounts receivable balance includes billings for several non-revenue items (primarily postage, sales tax, and deferred revenue items). As a result, we evaluate our performance in collecting our accounts receivable through our calculation of days billings outstanding (“DBO”) rather than a typical days sales outstanding (“DSO”) calculation. DBO is calculated based on the billings for the period (including non-revenue items) divided by the average monthly net trade accounts receivable balance for the period.

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

Quarter Ended	Gross	Allowance	Net Billed	DBO
2007:				
March 31	$ 104,677	$ (1,577)	$ 103,100	63
June 30	104,254	(1,619)	102,635	61
September 30 (1)	111,541	(1,589)	109,952	60
December 31(2)	115,619	(1,487)	114,132	59
2008:				
March 31 (3)	126,062	(1,476)	124,586	59
June 30 (4)	107,226	(1,557)	105,669	59

(1) The $7 million increase in gross and net billed trade accounts receivable at September 30, 2007 is primarily due to the acquisitions of the ComTec and Prairie businesses.

(2) The $4 million increase in gross and net billed trade accounts receivable at December 31, 2007 is primarily due to the timing of client payments at quarter end.

(3) The $10 million increase in gross and net billed trade accounts receivable at March 31, 2008 is primarily due to a delay in the receipt of a monthly processing invoice payment from a key client. This payment was received during the first week of April 2008.

(4) The $19 million decrease in gross and net billed trade accounts receivable at June 30, 2008 is primarily due to: (i) the receipt of a delayed first quarter key client payment of approximately $10 million in April, discussed above; and (ii) normal fluctuations in the timing of payments from other clients.

Deferred Income Taxes

The net decrease of $8.7 million in total deferred income tax assets from $20.1 million as of December 31, 2007 to $11.4 million as of June 30, 2008 primarily relates to: (i) the timing differences for depreciable and amortizable assets; (ii) the utilization of net operating loss (NOL) carryforwards; and (iii) the increase in deferred tax liabilities related to our Convertible Debt Securities.

Accrued Employee Compensation

Accrued employee compensation decreased $4.7 million, from $21.0 million as of December 31, 2007 to $16.3 million as of June 30, 2008 primarily as a result of the payment of the 2007 management bonuses in March 2008.

Income Taxes Payable

The $3.4 million of cash flows from operating activities related to income taxes payable/receivable for the six months ended June 30, 2008 is primarily due to the timing of our estimated Federal and state income tax payments.

Other Current and Non-Current Liabilities

Other current and non-current liabilities increased $6.5 million, from $11.5 million as of December 31, 2007 to $18.0 million as of June 30, 2008 primarily as a result of: (i) a $3.0 million accrual related to the Telution revenue earnout; and (ii) the assumption of $3.8 million of capital lease obligations from the DataProse acquisition in April 2008. See Note 6 to the Financial Statements for further discussion regarding these items.

Cash Flows From Investing Activities

Our typical investing activities consist of purchases/sales of short-term investments, purchases of property and equipment, and investments in client contracts, which are discussed below. During the six months ended June 30, 2008 our cash flows from investing activities also included the acquisition of DataProse, discussed above.

Purchases/Sales of Short-term Investments. We generally invest our excess cash balances in low-risk, cash equivalents or short-term investments to limit our exposure to market risks. These cash equivalents and short-term investments are readily convertible back into cash. During the six months ended June 30, 2008, we purchased $19.1 million and sold (or had mature) $9.3 million of short-term investments. We continually evaluate the appropriate mix of our investment of excess cash balances between cash equivalents and short-term investments in order to maximize our investment returns and will likely purchase and sell additional short-term investments in the future.

Property and Equipment/Client Contracts. Our capital expenditures for the six months ended June 30, 2008 and 2007 for property and equipment, and investments in client contracts, excluding the impact of any acquired property and equipment and client contracts assumed at the date of acquisition, were as follows (in thousands):

	Six Months Ended June 30,	
	2008	2007
Property and equipment	$ 9,853	$ 8,424
Client contracts	2,346	5,868

The property and equipment expenditures during the first six months of 2008 consisted principally of computer hardware and related equipment, statement production equipment, and facilities and internal infrastructure items.

The investments in client contracts for the first six months of 2008 and 2007 relate primarily to client incentive payments ($1.2 million and $5.1 million respectively) and the deferral of costs related to conversion/set-up services provided under long-term processing contracts ($1.1 million and $0.8 million, respectively).

Cash Flows From Financing Activities

Our financing activities typically consist of activities with our common stock.

Repurchase of Common Stock. During the first six months of 2007, we repurchased 4.8 million shares of our common stock under the guidelines of the Stock Repurchase Program for $122.9 million. We made no comparable share repurchases during the first six months of 2008. In addition, outside of the Stock Repurchase Program, during the first six months of 2008 and 2007, we repurchased from our employees and then cancelled approximately 111,000 shares and 117,000 shares of our common stock for $1.4 million and $3.0 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

Capital Resources

As of June 30, 2008, we had $148.2 million of cash and short-term investments available to fund our operations, and we expect to generate material amounts of additional cash during the remainder of 2008. The following are the key items to consider in assessing our sources and uses of capital resources:

- *Acquisitions.* On April 30, 2008, we acquired 100% of the voting equity interests of DataProse, a privately-held provider of statement processing and direct mail services headquartered in Oxnard, California for $38.1 million in net cash at close. The acquisition was funded from currently available cash.

  As discussed in Note 6 to the Financial Statements, we have contingent purchase price payments open as of June 30, 2008 related to our August 2007 acquisition of Prairie. The rights to the contingent purchase price payments of up to $6 million go through December 31, 2009, and relate to the achievement of certain operating criteria. In addition, during the second quarter of 2008, we accrued a liability for $3 million related to contingent purchase price payments (related to revenue earn outs) associated with the March 2006 acquisition of Telution. The $3 million will be paid out in four equal quarterly installments beginning in July 2008 and ending in April 2009.

- *Stock Repurchase Program.* As of June 30, 2008, we have 1.2 million remaining shares authorized for repurchase under the Stock Repurchase Program. During the six months ended June 30, 2008, we have not repurchased any shares of our common stock under our Stock Repurchase Program.

- *Purchases of Property and Equipment.* During the six months ended June 30, 2008, we spent $9.9 million on property and equipment. At this time, we expect our full year 2008 capital expenditures to be approximately $20 million to $25 million. As of June 30, 2008, we have made no significant capital expenditure commitments.

- *Convertible Debt Securities.* Our Convertible Debt Securities bear interest at a rate of 2.5% per annum, which is payable semiannually in arrears on June 15 and December 15 of each year. Refer to our 2007 10-K for additional disclosures related to the Convertible Debt Securities, to include the call and put features beginning in June 2011, and the contingent conversion features under which the holders of the Convertible Debt Securities can convert their securities. As of June 30, 2008, none of the contingent conversion features have been achieved, and thus, the Convertible Debt Securities are not convertible by the holders.

  Upon conversion of the Convertible Debt Securities, we will settle our conversion obligation as follows: (i) we will pay cash for 100% of the $230 million principal amount of the Convertible Debt Securities; and (ii) to the extent our conversion obligation exceeds the principal amount, we will satisfy the remaining conversion obligation in our common stock, cash or any combination of our common stock and cash.

  We do not expect any of the conversion triggers to occur during the next 12 months. As a result, in the near-term, we expect our annual debt service costs related to the Convertible Debt Securities to be limited to the annual interest payments of $5.8 million.

- *2004 Revolving Credit Facility.* As of June 30, 2008, we had made no borrowings under the 2004 Revolving Credit Facility. Refer to our 2007 10-K for additional disclosures related to the 2004 Revolving Credit Facility, to include the requirement to maintain certain financial ratios and the interest rates for borrowings. We pay a quarterly commitment fee on the unused portion of the 2004 Revolving Credit Facility. This commitment fee rate is dependent on our leverage ratio and ranges from 25 to 50 basis points per annum. As of June 30, 2008, the commitment fee rate was 37.5 basis points per annum, resulting in minimum commitment fee payments totaling $0.4 million per year. The 2004 Revolving Credit Facility expires in September 2009. As of June 30, 2008, due to an outstanding irrevocable letter of credit of $0.5 million, we had $99.5 million of the 2004 Revolving Credit Facility available to us.

In summary, we expect to continue to make investments in client contracts, capital equipment, and R&D. Although we do not have any plans to repurchase significant amounts of our outstanding common stock under our Stock Repurchase Program at this time, we expect to continually evaluate the possibility of stock repurchases in the future. In addition, as part of our growth strategy, we are continually evaluating potential business and asset acquisitions, and investments in market share expansion with our existing and potential new clients. We believe that: (i) our current cash and short-term investments balance, together with cash expected to be generated from future operating activities; (ii) the amount available under the 2004 Revolving Credit Facility; and (iii) other possible sources of additional debt that are available to us, will be sufficient to meet our anticipated cash requirements for at least the next 12 months.

Ratio of Earnings to Fixed Charges

The ratio of earnings to fixed charges is computed by dividing fixed charges into earnings. “Earnings” is defined as income before income taxes, plus fixed charges. “Fixed charges” consist of interest expense (including the amortization of deferred financing costs) and the estimated interest component of rental expense. Our consolidated ratio of earnings to fixed charges for the six months ended June 30, 2008, was 9.14:1.00. See Exhibit 12.10 to this document for information regarding the calculation of our ratio of earnings to fixed charges.

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

As discussed in our 2007 10-K, we are exposed to market risks related to changes in interest rates, and fluctuations and changes in the market value of our short-term investments. We have not historically entered into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

Market Risk Related to Long-Term Debt. We are exposed to interest rate risk related to long-term debt from two sources: our Convertible Debt Securities and our 2004 Revolving Credit Facility.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

The interest rate on the Convertible Debt Securities is fixed, and thus, as it relates to our borrowings under the Convertible Debt Securities, we are not exposed to changes in interest rates. Commencing on June 15, 2011, in any six-month interest period where the average trading price of the Convertible Debt Securities immediately preceding that six-month interest period equals 120% or more of the principal amount of the Convertible Debt Securities, we will pay contingent interest equal to 0.25% of that average trading price.

The interest rate for borrowings under the 2004 Revolving Credit Facility, except for same day advances, is chosen at our option, and is based upon a base rate or adjusted LIBOR rate, plus an applicable margin. The base rate represents the higher of a floating prime rate and a floating rate equal to 50 basis points in excess of the Federal Funds Effective Rate. The interest rate for same day advances is based upon base rate, plus an applicable margin. The applicable margins are dependent on our leverage ratio, as defined, and range from zero to 100 basis points for base rate loans and 125 to 225 basis points for LIBOR loans. As of June 30, 2008, we had made no borrowings under the 2004 Revolving Credit Facility.

Market Risk Related to Cash Equivalents and Short-term Investments. Our cash and cash equivalents as of June 30, 2008, and December 31, 2007 were $128.9 million and $123.4 million, respectively. Our cash balances are typically "swept" into overnight money market accounts on a daily basis, and excess funds are invested in low-risk, somewhat longer term, cash equivalent instruments and short-term investments. We have minimal market risk for our cash and cash equivalents due to the relatively short maturities of the instruments.

Our short-term investments as of June 30, 2008 and December 31, 2007 were $19.3 million and $9.4 million, respectively. The day-to-day management of our cash equivalents and short-term investments is performed by two large financial institutions in the U.S., using strict and formal investment guidelines approved by our Board of Directors. Under these guidelines, short-term investments are limited to certain acceptable investments with: (i) a maximum maturity, (ii) a maximum concentration and diversification; and (iii) a minimum acceptable credit quality. At this time, we believe we have minimal liquidity risk associated with the short-term investments included in our portfolio.

We do not utilize any derivative financial instruments for purposes of managing our market risks related to interest rate risk.

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.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Item 1. ***Legal Proceedings***

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

Item 1A. ***Risk Factors***

We or our representatives from time-to-time may make or may have made certain forward-looking statements, whether orally or in writing, including without limitation, any such statements made or to be made in MD&A contained in our various SEC filings or orally in conferences or teleconferences. We wish to ensure that such statements are accompanied by meaningful cautionary statements, so as to ensure, to the fullest extent possible, the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995.

Accordingly, the forward-looking statements are qualified in their entirety by reference to and are accompanied by the following meaningful cautionary statements identifying certain important risk factors that could cause actual results to differ materially from those in such forward-looking statements. This list of risk factors is likely not exhaustive. We operate in a rapidly changing and evolving market involving the North American communications industry (e.g., bundled multi-channel video, Internet, voice and IP-based services), and new risk factors will likely emerge. Management cannot predict all of the important risk factors, nor can it assess the impact, if any, of such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those in any forward-looking statements. Accordingly, there can be no assurance that forward-looking statements will be accurate indicators of future actual results, and it is likely that actual results will differ from results projected in forward-looking statements and that such differences may be material.

We Derive a Significant Portion of Our Revenues From a Limited Number of Clients, and the Loss of the Business of a Significant Client Would Materially Adversely Affect Our Financial Condition and Results of Operations.

The North American communications industry has experienced significant consolidation over the last few years, resulting in a large percentage of the market being served by a limited number of service providers with greater size and scale. Consistent with this market concentration, a large percentage of our revenues are generated from a limited number of clients, with approximately two-thirds of our revenues being generated from our four largest clients, which are (in order of size) Comcast, DISH, Time Warner, and Charter. See the Significant Client Relationships section of MD&A in this Form 10-Q and in the 2007 Form 10-K for key renewal dates and a brief summary of our business relationship with these clients.

There are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of clients. One such risk is that, should a significant client: (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 systems, the price paid for our services, or the scope of services that we provide; or (iii) experience significant financial or operating difficulties, it could have a material adverse effect on our financial condition and results of operations.

Our industry is highly competitive, and the possibility that a major client may move all or a portion of its customers to a competitor has increased. While our clients may incur some costs in switching to our competitors, they may do so for a variety of reasons, including: (i) if we do not maintain favorable relationships; (ii) if we do not provide satisfactory services and products; or (iii) for reasons associated with price.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

A Reduction in Demand for Our Key Customer Care and Billing Products and Services Could Have a Material Adverse Effect on Our Financial Condition and Results of Operations.

Historically, a substantial percentage of our total revenues have been generated from our core outsourced processing product, ACP, and related products and services. These products and services are expected to continue to provide a large percentage of our total revenues in the foreseeable future. Any significant reduction in demand for ACP and related products and services could have a material adverse effect on our financial condition and results of operations.

We May Not Be Able to Respond to Rapid Technological Changes.

The market for customer care and billing systems is characterized by rapid changes in technology and is highly competitive with respect to the need for timely product innovations and new product introductions. As a result, we believe that our future success in sustaining and growing our revenues depends upon the continued market acceptance of our products, especially ACP, and our ability to continuously adapt, modify, maintain, and operate our products to address the increasingly complex and evolving needs of our clients, without sacrificing the reliability or quality of the products. In addition, the market is demanding that our products have greater architectural flexibility and interoperability with other computer systems, and that we are able to meet the demands for technological advancements to our products and services at a greater pace. Attempts to meet these demands subjects our R&D efforts to greater risks.

As a result, substantial R&D will be required to maintain the competitiveness of our products and services in the market. Technical problems may arise in developing, maintaining and operating our products and services as the complexities are increased. Development projects can be lengthy and costly, and may be subject to changing requirements, programming difficulties, a shortage of qualified personnel, and/or unforeseen factors which can result in delays. In addition, we may be responsible for the implementation of new products and/or the migration of clients to new products, and depending upon the specific product, we may also be responsible for operations of the product.

There is an inherent risk in the successful development, implementation, migration, and operations of our products and services as the technological complexities, and the pace at which we must deliver these products and services to market, continue to increase. The risk of making an error that causes significant operational disruption to a client increases proportionately with the frequency and complexity of changes to our products and services. There can be no assurance: (i) of continued market acceptance of our products and services; (ii) that we will be successful in the development of product enhancements or new products that respond to technological advances or changing client needs at the pace the market demands; or (iii) that we will be successful in supporting the implementation, migration and/or operations of product enhancements or new products.

Our Business is Dependent on the North American Cable and DBS Industries.

We have historically generated a significant portion of our revenues by providing products and services to clients in the North American cable and DBS industries. A decrease in the number of customers served by our clients, an adverse change in the economic condition of these industries, and/or changing consumer demand for services could have a material adverse effect on our results of operations. Additionally, a significant portion of our historical growth has come from our support of clients' expansion into new lines of business, such as high-speed Internet and VoIP. There can be no assurance that our current and potential clients will be successful in expanding into new segments of the converging North American communications industry. Even if major forays into new markets by our current or potential clients are successful, we may be unable to meet the special billing and customer interaction management needs of those markets.

Our clients operate in a highly competitive environment. It is widely anticipated that traditional wireline and wireless telephone service providers, and others, will continue their aggressive pursuit of providing convergent services, including residential video, a market historically dominated by our clients. Should these alternative service providers be successful in their video strategies, it could threaten our clients' market share, and thus our source of revenues, as generally speaking these companies do not use our core products and services and there can be no assurance that new entrants will become our clients.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

The Consolidation of the North American Cable and DBS Industries May Have a Material Adverse Effect on Our Results of Operations.

The North American cable and DBS industries may continue to be subject to significant ownership changes. One facet of these changes is that consolidation by and among our core client base, the cable and DBS providers, as well as new entrants such as the traditional wireline and wireless carriers, will decrease the potential number of buyers for our products and services. Should these consolidations result in a concentration of customer accounts being owned by companies with whom we do not have a relationship, or with whom competitors are entrenched, we could be subject to the risk that subscribers will be moved off of our systems and onto a competitor's system, thereby having a material adverse effect on our results of operations. Furthermore, movement of our clients' customers from our systems to a competitor's system as a result of regionalization strategies by our clients could have a material adverse affect on our operations. Finally, as the result of the consolidations, our current and potential clients may choose to use their size and scale to exercise more severe pressure on pricing negotiations.

We Face Significant Competition in Our Industry.

The market for our products and services is highly competitive. We directly compete with both independent providers of products and services and in-house systems developed by existing and potential clients. In addition, some independent providers are entering into strategic alliances with other independent providers, resulting in either new competitors, or competitors with greater resources. Many of our current and potential competitors have significantly greater financial, marketing, technical, and other competitive resources than our company, many with significant and well-established domestic and international operations. There can be no assurance that we will be able to compete successfully with our existing competitors or with new competitors.

Client Bankruptcies Could Adversely Affect Our Business, and Any Accounting Reserves We Have Established May Not Be Sufficient.

In the past, certain of our clients have filed for bankruptcy protection. Companies involved in bankruptcy proceedings pose greater financial risks to us, consisting principally of possible claims of preferential payments for certain amounts paid to us prior to the bankruptcy filing date, as well as increased collectibility risk for accounts receivable, particularly those accounts receivable that relate to periods prior to the bankruptcy filing date. We consider such risks in assessing our revenue recognition and the collectibility of accounts receivable related to our clients that have filed for bankruptcy protection, and for those clients that are seriously threatened with a possible bankruptcy filing. We establish accounting reserves for our estimated exposure on these items. However, there can be no assurance that our accounting reserves related to this exposure will be adequate. Should any of the factors considered in determining the adequacy of the overall reserves change adversely, an adjustment to the accounting reserves may be necessary. Because of the potential significance of this exposure, such an adjustment could be material.

We May Incur Additional Material Restructuring Charges in the Future.

In the past, we have recorded restructuring charges related to involuntary employee terminations, various facility abandonments, and various other restructuring activities. The accounting for facility abandonments requires highly subjective judgments in determining the proper accounting treatment for such matters. We continually evaluate our assumptions, and adjust the related restructuring reserves based on the revised assumptions at that time. Moreover, we continually evaluate ways to reduce our operating expenses through new restructuring opportunities, including more effective utilization of our assets, workforce and operating facilities. As a result, there is a risk that we may incur additional material restructuring charges in the future.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Failure to Attract and Retain Our Key Management and Other Highly Skilled Personnel Could Have a Material Adverse Effect on Our Business.

Our future success depends in large part on the continued service of our key management, sales, product development, and operational personnel. We believe that our future success also depends on our ability to attract and retain highly skilled technical, managerial, operational, and marketing personnel, including, in particular, personnel in the areas of R&D and technical support. Competition for qualified personnel at times can be intense, particularly in the areas of R&D, conversions, software implementations, and technical support. For these reasons, we may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our ability to meet our commitments and new product delivery objectives.

We May Not Be Successful in the Integration of Our Acquisitions.

As part of our growth strategy, we seek to acquire assets, technology, and businesses which will provide the technology and technical personnel to expedite our product development efforts, provide complementary products or services, or provide access to new markets and clients.

Acquisitions involve a number of risks and difficulties, including: (i) expansion into new markets and business ventures; (ii) the requirement to understand local business practices; (iii) the diversion of management's attention to the assimilation of acquired operations and personnel; and (iv) potential adverse effects on a company's operating results for various reasons, including, but not limited to, the following items: (a) the inability to achieve revenue targets; (b) the inability to achieve certain operating goals and synergies; (c) charges related to purchased in-process R&D projects; (d) costs incurred to exit current or acquired contracts or activities; (e) costs incurred to service any acquisition debt; and (f) the amortization or impairment of intangible assets.

Due to the multiple risks and difficulties associated with any acquisition, there can be no assurance that we will be successful in achieving our expected strategic, operating, and financial goals for any such acquisition.

Failure to Protect Our Proprietary Intellectual Property Rights Could Have a Material Adverse Effect on Our Financial Condition and Results of Operations.

We rely on a combination of trade secret and copyright laws, nondisclosure agreements, and other contractual and technical measures to protect our proprietary rights in our products. We also hold a limited number of patents on some of our newer products, but do not rely upon patents as a primary means of protecting our rights in our intellectual property. There can be no assurance that these provisions will be adequate to protect our proprietary rights. Although we believe that our intellectual property rights do not infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not assert infringement claims against us or our clients.

We continually assess whether there are any risks to our intellectual property rights. Should these risks be improperly assessed or if for any reason should our right to develop, produce and distribute our products be successfully challenged or be significantly curtailed, it could have a material adverse effect on our financial condition and results of operations.

The Delivery of Our Products and Services is Dependent on a Variety of Computing Environments and Communications Networks, Which May Not Be Available or May Be Subject to Security Attacks.

Our products and services are generally delivered through a variety of computing environments operated by us, which we will collectively refer to herein as "Systems." We provide such computing environments through both outsourced arrangements, such as our current data processing arrangement with FDC, as well as internally operating numerous distributed servers in geographically dispersed environments. The end users are connected to our Systems through a variety of public and private communications networks, which we will collectively refer to herein as "Networks." Our products and services are generally considered to be mission critical customer management systems by our clients. As a result, our clients are highly dependent upon the availability and uncompromised security of our Networks and Systems to conduct their business operations.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Our Networks and Systems are subject to the risk of an extended interruption or outage due to many factors such as: (i) planned changes to our Systems and Networks for such things as scheduled maintenance and technology upgrades, or migrations to other technologies, service providers, or physical location of hardware; (ii) human and machine error; (iii) acts of nature; and (iv) intentional, unauthorized attacks from computer "hackers." In addition, we continue to expand our use of the Internet with our product offerings thereby permitting, for example, our clients' customers to use the Internet to review account balances, order services or execute similar account management functions. Allowing access to our Networks and Systems via the Internet has the potential to increase their vulnerability to unauthorized access and corruption, as well as increasing the dependency of our Systems' reliability on the availability and performance of the Internet and end users' infrastructure they obtain through other third party providers.

As a means to mitigate certain risks in this area of our business, we have done the following: (i) established policies and procedures related to planned changes to our Systems and Networks; (ii) implemented a business continuity plan, to include testing certain aspects of this plan on a periodic basis; and (iii) implemented a security and data privacy program (utilizing ISO 17799 as a guideline) designed to mitigate the risk of an unauthorized access to the Networks and Systems primarily through the use of network firewalls, procedural controls, intrusion detection systems and antivirus applications. In addition, we undergo periodic security reviews of certain aspects of our Networks and Systems by independent parties.

The method, manner, cause and timing of an extended interruption or outage in our Networks or Systems are impossible to predict. As a result, there can be no assurances that our Networks and Systems will not fail, or that our business continuity plans will adequately mitigate all damages incurred as a consequence. Should our Networks or Systems: (i) experience an extended interruption or outage, (ii) have their security breached, or (iii) have their data lost, corrupted or otherwise compromised, it would impede our ability to meet product and service delivery obligations, and likely have an immediate impact to the business operations of our clients. This would most likely result in an immediate loss to us of revenue or increase in expense, as well as damaging our reputation. Any of these events could have both an immediate, negative impact upon our financial condition and our short-term revenue and profit expectations, as well as our long-term ability to attract and retain new clients.

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

The following table presents information with respect to purchases of company common stock made during the second quarter of 2008 by CSG Systems International, Inc. or any "affiliated purchaser" of CSG Systems International, Inc., as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased[2]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs[1]
April 1 – April 30	1,581	$ 11.58	—	1,204,096
May 1 – May 31	2,931	12.60	—	1,204,096
June 1 – June 30	2,155	11.16	—	1,204,096
Total	6,667	$ 11.89	—	

1 Our Board of Directors have authorized us to repurchase up to 30 million shares of our common stock under the Stock Repurchase Program. The Stock Repurchase Program does not have an expiration date.

2 The total number of shares purchased that are not part of the Stock Repurchase Program represents shares purchased and cancelled in connection with stock incentive plans.

Item 3. *Defaults Upon Senior Securities*

None

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Item 4. ***Submission of Matters to a Vote of Security Holders***

(a) The 2008 annual meeting of stockholders of CSG Systems International, Inc. (the "Annual Meeting") was held on May 20, 2008.

(b) The following persons were elected as directors at the Annual Meeting:

Class II (expiring in 2011)
Ronald H. Cooper
Bernard W. Reznicek
Donald V. Smith

The following directors' term of office continued after the Annual Meeting:

Peter E. Kalan
Frank V. Sica
James A. Unruh
Edward C. Nafus
Janice I. Obuchowski
Donald B. Reed

(c) Votes were cast or withheld at the Annual Meeting as follows:

(i) Election of directors:

Director	For	Withheld
Ronald H. Cooper	29,121,622	476,653
Bernard W. Reznicek	28,916,923	681,352
Donald V. Smith	29,128,439	469,836

(ii) Ratification of appointment of independent auditor for 2008:

For	Against	Abstain	Non votes
29,536,650	52,980	8,645	—

Item 5. ***Other Information***

None

Item 6. ***Exhibits***

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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

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: August 7, 2008

CSG SYSTEMS INTERNATIONAL, INC.

/s/ Peter E. Kalan
Peter E. Kalan
Chief Executive Officer and President
(Principal Executive Officer)

/s/ Randy R. Wiese
Randy R. Wiese
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Table of Contents

CSG SYSTEMS INTERNATIONAL, INC.

INDEX TO EXHIBITS

Exhibit Number	Description
10.20I*	Thirteenth Amendment to CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.46	Restated Employment Agreement with Robert M. Scott, dated May 29, 2008
10.47	Restated Employment Agreement with Randy R. Wiese, dated May 29, 2008
10.48	Restated Employment Agreement with Peter E. Kalan, dated May 29, 2008
10.49	Restated Employment Agreement with Joseph T. Ruble, dated May 29, 2008
12.10	Statement regarding computation of Ratio of Earnings to Fixed Charges
31.01	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Portions of the exhibit have been omitted pursuant to an application for confidential treatment, and the omitted portions have been filed separately with the Commission.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Exhibit 10.20I

Pages where confidential treatment has been requested are stamped "Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission," and places where information has been redacted have been marked with (***).

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

This Thirteenth Amendment (the "Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG") and **Comcast Cable Communications Management, LLC**, a Delaware Limited Liability Company ("Customer"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement dated March 17, 2004 (the "Agreement"), and now desire to 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.

CSG and Customer agree to the following as of the Effective Date:

1. **Customer desires to add Full Color processing to the Direct Solutions (print and mail) fees; therefore, Schedule F, Section III.A.II under CSG SERVICES shall be amended to include the following fee for Full Color processing:**

Description of Item/Unit of Measure	Frequency	Fee
E. Full Color Processing – Front and/or Back Side of Each Physical Page (Note 18)		
• * – *,***,*** ******* ******** ***** *** *****	******** ****	$*.****
• *,***,*** – **,***,*** ******* ******** ***** *** *****	******** ****	$*.****
• **,***,*** – **,***,*** ******* ******** ***** *** *****	******** ****	$*.****
• **,***,*** – **,***,*** ******* ******** ***** *** *****	******** ****	$*.****
• **,***,*** * ******* ******** ***** *** *****	******** ****	$*.****
F. Full Color Processing – Ad Pages (Note 19)	******* ****	*****

Note 18: Full Color is available on both sides of each physical statement page. *** *** ***** ** ******** ******* *******'* ***** ******** **** ***** ** * ******* ***** ********** ** *** ****** ****** ** ******** ***** **** ******** ***** ********** (*.*. *** *** ** ******** ******* *** ******** **** ******** ***** ** ***) "**** ***** ********** ***". The parties agree to execute a separate Statement of Work ("SOW") for the development and implementation of Full Color ***** *** ******** #*******.

Note 19: *** ************* ******** *** ******* **** ********** ****** ** *** ***** *** ** ***** *** *****/***** ***** **********, ***** ** ********* ** ******** * ** **** *********. **** ********* ** ******** ********** ** **** ***** **********, **** ***** ** **** ******* ***** ** ******** ******** ** **** ******* *., ***** **** ****** ****** ** ********.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

2. ******** ***** ** ******* ** *** ********* ******** ******** (*** “******* *********”) ********* ** **** ***** *********:

- ****/**** ******** **** **** ***** ********** ***** (************ ** *** ******** ******* ******** **, ****) $*,***,***
- **** ******** **** **** ***** ********** ***** (******** **, **** ******* ******** **, ****) $*,***,***
- **** ******** **** **** ***** ********** ***** (******** **, **** ******* ******** **, ****) $***,***

************ ** *** ******* ********** ***** ** ********** ** *** ******** *** ****** ****** ******* *** *** **** ***** ********** *** ** ******* ** ********* * ***** *** *** ********** ******** **** ******. ** ********, ** *** ***** *** ********** **** ******* ***** *****/***** ***** ********** ** ******** ** ********* * *****, **** “********” **** ***** ********** *** ******* ***** **** ** **** *** ******** ** ********** *** ******* **********. ** *** ***** *** ******* ********** ******* *** ****** ****** ****** ********* *** “********” **** ***** ********** *** *** ********** ******* ***** *****/***** ***** ********** ** ******* ** ********* *, *** ***** ****** *** ******* ******* ** ********* * ***** *** *** ******** *********** ******. ** *** ***** ******** ** ***** ***** ** *** ******* **********, **** *** ***** ******* ******** *** ****** ******** ** **** *** ******* **********. ** *** ***** ********’* ****** ****** ******, ********* *** “********” **** ***** ********** *** *** ********** ******* ***** *****/***** ***** ********** ** ******* ** ********* *, ******* *** ******* **********, **** *** ****** ** ***** *** ****** ****** ****** ********* *** “********” **** ***** ********** *** *** ********** ******* ***** *****/***** ***** ********** ** ******* ** ********* *, ******* *** ******* ********** **** ** **** ** **** ******* *** ******* ********** ** *** ********* ******** **** ******. All invoices shall be paid in accordance with the payment terms set forth in the Agreement. For clarity, the following examples are offered:

a) ****** *** ******** ****** ****/****, ******** ** ******** $*,***,*** ** ****** **** ***** ********** ****. *** ******* ********** ** $*,***,*** *** *** ***** ** ******** ** ******* ******** ** ********** $***,*** ***** ***** ** ******** **/**/****.

b) ****** *** ******** ****** ****/****, ******** ** ******** $*,***,*** ** ****** **** ***** ********** ****. *** ******* ********** ** $*,***,***. ********’* ******* ********** *** *** **** ******** **** ****** ***** ** ******* ** $***,*** ** $*,***,***. ********’* ****** **** ***** ********** **** ** *** **** ******** **** ****** **** $*,***,***. *** ***** ** ******** ** ******* ******** ** ********** $***,*** ***** ***** ** ******** **/**/****.

3. ***’* ******* ****** *** ******* ******** ** *** **[**] ** *** ******** ***** ******* *** **[**] ** *** ******* *****. ****, *** ******** **, **** ******* **** ********* *** ******** ********* **** ******** **, **** ******* ******** **, ****. ** *** ***** *** *** ***** ** *** **** ***** ********** **** *** *** ********** ******* *** ***** ** ********* * ***** *** *** ********** ** **** *** ******* ********** *** *** ********** ******, *** ***** ********** *** ****** ****** ** ********* ***** **** **** ******* **** **** ***** *** *** ****** **** ******** **[**] *******, ******** **[**] ** *** ********** ****** (“******** ***********”), ********* *** **** ***** ********** **** *** **** ********* **** ****** *** ******* **** ****** ** ** ** *** **** ******** ** ******** *** ******** ** *********** ** ******** *** *** ******* ********* *** *** ********* ******. *******, ** *** ***** ** ********* * *****, ** ** ******** *********** ***** *** *** ** ******** ********** ***** ***** ***** ***** ********** ** *** **** ****** *** ******** *********** ****** ******** ** ********* * *****, *** ***** ******* *** ******* **** ***** **** **** ******** *** ***** ********** ******* ***** *****/***** ***** ********** *** **** “********” ******* **** ** ******** *** ******** ** *********** ** ******** *** ********* *** ******* **********. *******, ** *** ******** *********** ** *********, *** ******* **** ** *** ******** *********** ** **** *** ***** *******’ ******* ********** **** *** ** ******** *** ********* ** *** *********** ** ********* ** *** ******* ********** ** *** ** *** *********** ********** ******.

4. ** ************* ** *** ********* **** ***** **********, ******** ****** **** *** ***** ******** ** ** *** ********* ******** ** ***** *** **** ******** *** ********* ***********, ***** *****

CONFIDENTIAL AND PROPRIETARY INFORMATION - FOR USE BY AUTHORIZED EMPLOYEES OF THE PARTIES HERETO ONLY AND IS NOT FOR GENERAL DISTRIBUTION WITHIN OR OUTSIDE THEIR RESPECTIVE COMPANIES

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

**** ******* ***** ********* *********** *** ***** *** ******** *** ********, *** *** ******** ** *** *********. ** *** ***** *** ********* ******* ** ** ********** ***** ** ***** ******* ** *** ******* ********** ******** ** ******* * ** **** *********, ******** ****** ** ** ****** *** *** *** *********** ****** ***** ******* **********.

5. ******** **** ****** **** *** ***** ******* ****** **** *** ******** *. ******** *********** ********* *** ******** ** ** ******* ** ********** *. (**) ******** ********* ******* ** *** ***** *** ****** ********* ***** ******** ***** ******* ********** **** ****** ** ****** ** ******* ******* (***) ** *** ***** ******* ********* ****** *** **** *****. *** **** ******, *** ***** ** ******** ** ** ********** *********** (**) ***** ** ******* **** ***** *** ** ********** *********** (**) ***** ** ******* *** ***** ****** *********** ********* *** ******** *****. ** ** *******, ** ********'* ****** ********* ***** ** *** ***** *** ***,*** ******* ********** **** ***,*** ******* ********** ********* *****, ********* ********** ********* **** ****** ** **.**% ** ***** ******* ********* ****** *** **** ***** (***,*** ******* ** ***,***). *********, *** ***** ** ******** ** * ***** ** ***** ******** **** **** *********** (**) ***** ** ******* *** ****** ********* ***** ** **** ** ** ********** *********** (**) ***** ** ******* **** ** *** *****, ****** *** ***** ********* ****** ********** ** *** ******* *** ***** ******. ** * ***** ** ************, ** ** ***** **** *** *********** ******** *** ********* ******* *** *** ********** ***** ** ******** **** **** *********** (**) *****.

6. ******** ************ **** *** ******* ******* (****) ** ********'* ******* ********* ******, *** ********'* *********** ********** ** ***'* ******* ********, **** ** ******** *** ** *** *** ********* ********. *******, ****** ** ***** ******* ********** ** ***'* ******** ******** ****, ** ** *** ***** ** ** ********** ** ********* ****** **** ********* ******** ** **** ***** *** ***** ***'* ********** **** ******** *, *********** ********* *** ******** ** ** ******* ** ********** *. (**) ******** ********* *******, ******** ************ *** ****** **** ****** **** ******, ********** **** ** ******* ***** *****/***** ***** **********. ******** ***** *** ** ******* *** **** ***** ********** *** *** *** ********** ******* ***** *****/***** ***** **********. *******, *** ******** ** ********** *** ******* **********, *** ***** ******* *** **** ***** ********** *** ******* **** ***** **** **** ******** *** ***** ********** **** **** ******* ***** *****/***** ***** ********** *** **** "********" **** ***** ********** *** ******* **** ** ******** *** ******** ** *********** ** ******** *** ********* *** ******* **********.

7. The parties acknowledge and agree that, as at the date of execution of this Amendment, they have initiated negotiations for the purpose of amending and restating the Agreement (the "2008 Agreement"). The parties intend that the terms of the 2008 Agreement shall supersede and replace the terms of the Agreement.

IN WITNESS WHEREOF, the parties execute this Amendment on the date last signed below ("Effective Date").

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC ("CUSTOMER")		**CSG SYSTEMS, INC. ("CSG")**	
By:	/s/ Andrew J. Baer	By:	/s/ Peter E. Kalan
Name:	Andrew J. Baer	Name:	Peter E. Kalan
Title:	SVP & CIO	Title:	CEO
Date:	May 22, 2008	Date:	May 29, 2008

CONFIDENTIAL AND PROPRIETARY INFORMATION - FOR USE BY AUTHORIZED EMPLOYEES OF THE PARTIES HERETO ONLY AND IS NOT FOR GENERAL DISTRIBUTION WITHIN OR OUTSIDE THEIR RESPECTIVE COMPANIES

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

RESTATED EMPLOYMENT AGREEMENT

This Restated Employment Agreement is made and entered into on the 29th day of May, 2008, among CSG SYSTEMS INTERNATIONAL, INC. ("CSGS"), a Delaware corporation, CSG SYSTEMS, INC. ("Systems"), a Delaware corporation, and ROBERT M. SCOTT (the "Executive"). CSGS and Systems collectively are referred to in this Employment Agreement as the "Companies".

* * *

WHEREAS, the Companies and the Executive entered into an Employment Agreement dated June 6, 2005 (the "Employment Agreement") and thereafter entered into First, Second, and Third Amendments to the Employment Agreement; and

WHEREAS, by this Restated Employment Agreement, the Companies and the Executive are restating the Employment Agreement, as amended, so as to reflect all of its current terms in a single document;

NOW, THEREFORE, the Companies and the Executive agree that the current terms of the Employment Agreement between the Companies and the Executive are as follows:

1. Employment and Duties. Each of the Companies hereby employs the Executive as an Executive Vice President and its Chief Operating Officer throughout the term of this agreement and agrees to cause the Executive from time to time to be elected or appointed to such corporate offices or positions. The duties and responsibilities of the Executive shall include the duties and responsibilities of the Executive's corporate offices and positions referred to in the preceding sentence which are set forth in the respective bylaws of the Companies from time to time and such other duties and authorities consistent with the Executive's corporate offices and positions referred to in the preceding sentence and this agreement which the Board of Directors of CSGS (the "Board") or the Chief Executive Officer of CSGS from time to time may assign to the Executive. If the Executive is elected or appointed as a director of CSGS or Systems or as an officer or director of any of the respective subsidiaries of the Companies during the term of this agreement, then he also shall serve in such capacity or capacities but without additional compensation.

2. Term of Employment. The employment of the Executive under this agreement shall begin on the date of this agreement and shall continue until the first to occur of (a) the Executive's death, (b) the effective date of the Executive's voluntary resignation as an employee of the Companies, (c) the effective date of the termination of the Executive's employment by the Companies by reason of the Executive's disability pursuant to Paragraph 10(b) of this agreement, (d) the effective date of the termination of the Executive's employment by the Companies for cause pursuant to Paragraph 10(c) of this agreement, (e) the effective date of the termination of the Executive's employment by the Companies for any reason other than cause or the Executive's death or disability pursuant to

Paragraph 10(d) or Paragraph 10(e) of this agreement, or (f) the effective date of the termination of the Executive's employment pursuant to Paragraph 10(f) of this agreement. Upon the termination of the employment of the Executive under this agreement, the applicable provisions of Paragraph 10 of this agreement shall become effective; and the Companies and the Executive thereupon and thereafter shall comply with the applicable provisions of Paragraph 10 of this agreement.

3. Place of Employment. Regardless of the location of the executive offices of the Companies during the term of this agreement, the Companies shall maintain a suitably staffed office for the Executive in the Omaha, Nebraska, metropolitan area during the term of this agreement; and the Executive will not be required without his consent to relocate or transfer his executive office or principal residence from the immediate vicinity of the Omaha, Nebraska, metropolitan area.

4. Base Salary. For all services to be rendered by the Executive pursuant to this Agreement, the Companies agree to pay the Executive during the term of this agreement a base salary (the "Base Salary") for each calendar year at an annual rate which is not less than the annual rate of the Executive's Base Salary in effect on December 31 of the immediately preceding calendar year. The Executive's annual incentive bonus provided for in Paragraph 5 and all other compensation and benefits to which the executive is or may become entitled pursuant to this agreement or under any plans or programs of the Companies shall be in addition to the Base Salary.

5. Annual Incentive Bonus. The Board previously has established an incentive bonus program for the Executive for 2005. Such incentive bonus program for 2005 has been reflected either in a written supplement to this agreement signed by the Companies and the Executive or in such other form as the Companies customarily use for such purpose. The same procedure shall be followed for subsequent calendar years during the term of this agreement, so that an annual incentive bonus program for the Executive will be in effect throughout the term of this agreement. The Executive and the Companies understand and acknowledge that, among other things, such incentive bonus program will involve achievement by the Companies or a particular division of the Companies of various financial objectives, which may include but are not limited to revenues and earnings, and also may include achievement by the Companies or a particular division of the Companies of various non-financial objectives. Such incentive bonus program for each calendar year shall provide the opportunity for the Executive to earn an incentive bonus of not less than sixty-five percent (65%) of his Base Salary for such calendar year if the agreed upon objectives are fully achieved.

6. Expenses. During the term of this agreement, the Executive shall be entitled to prompt reimbursement by the Companies of all reasonable ordinary and necessary travel, entertainment, and other expenses incurred by the Executive (in accordance with the policies and procedures established by the Companies for their respective senior executive officers) in the performance of the Executive's duties and responsibilities under this agreement; provided, that the Executive shall properly account for such expenses in accordance with the policies and procedures of the Companies, which may include but are not limited to itemized accountings.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

7. Other Benefits. During the term of this agreement, the Companies shall provide to the Executive and his eligible dependents at the expense of the Companies individual or group medical, hospital, dental, and long-term disability insurance coverages and group life insurance coverage, in each case at least as favorable as those coverages which are provided to other executive vice presidents of the Companies. During the term of this agreement, the Executive also shall be entitled to participate in such other benefit plans or programs which the Companies from time to time may make available to their employees generally (except such programs, such as the 1996 Employee Stock Purchase Plan of CSGS, in which executive officers of CSGS are not eligible to participate because of securities law reasons).

8. Vacations and Holidays. During the term of this agreement, the Executive shall be entitled to paid vacations and holidays in accordance with the policies of the Companies in effect from time to time for their respective senior executive officers, but in no event shall the Executive be entitled to less than four (4) weeks of vacation during each calendar year.

9. Full-Time Efforts and Other Activities. During the term of this agreement, to the best of his ability and using all of his skills, the Executive shall devote substantially all of his working time and efforts during the normal business hours of the Companies to the business and affairs of the Companies and to the diligent and faithful performance of the duties and responsibilities assigned to him pursuant to this agreement, except for vacations, holidays, and sick days. However, the Executive may devote a reasonable amount of his time to civic, community, or charitable activities, to service on the governing bodies or committees of trade associations or similar organizations of which either or both of the Companies are members, and, with the prior approval of the Board or the Chief Executive Officer of CSGS, to service as a director of other corporations and to other types of activities not expressly mentioned in this paragraph, so long as the activities referred to in this sentence do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement. The Executive also shall be free to manage and invest his assets in such manner as will not require any substantial services by the Executive in the conduct of the businesses or affairs of the entities or in the management of the properties in which such investments are made, so long as such activities do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement. At all times during the term of this agreement, the Executive shall comply with the requirements of the then current Code of Business Conduct and Ethics of CSGS.

10. Termination of Employment.

(a) Termination Because of Death. The Executive's employment by the Companies under this agreement shall terminate upon his death. If the Executive's employment under this agreement terminates because of his death, then the Executive's estate or his beneficiaries (as the case may be) shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the date of the Executive's death;

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which his death occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the date of the Executive's death as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid had the Executive's death not occurred and the Executive had continued to be employed by the Companies;

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the date of the Executive's death; and

(iv) Any other benefits payable by reason of the Executive's death, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the date of the Executive's death.

(b) Termination Because of Disability. If the Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing his duties and responsibilities under this agreement for a continuous period of six (6) months or more or for more than one hundred eighty (180) days in the aggregate (whether or not consecutive) during any 12-month period, then at any time after the elapse of such six-month period or such 180 days, as the case may be, the Board may terminate the Executive's employment by the Companies under this agreement. If the Executive's employment under this agreement is terminated by the Board because of such disability on the part of the Executive, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the effective date of such termination as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred and the Executive had continued to be employed by the Companies;

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(iv) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

plans), until the first to occur of the cessation of such disability, the Executive's death, the Executive's attainment of age sixty-five (65), or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(v) Any other benefits payable by reason of the Executive's disability, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

For purposes of this subparagraph (b), decisions with respect to the Executive's disability shall be made by the Board, using its reasonable good faith judgment; and, in making any such decision, the Board shall be entitled to rely upon the opinion of a duly licensed and qualified physician selected by a majority of the members of the Board who are not employees of either of the Companies or any of their respective subsidiaries.

(c) Termination for Cause. The Board may terminate the Executive's employment by the Companies under this agreement for cause; however, for purposes of this agreement "cause" shall mean only (i) the Executive's confession or conviction of theft, fraud, embezzlement, or other crime involving dishonesty, (ii) the Executive's certification of materially inaccurate financial or other information pertaining to the Companies (or either of them) or any of the respective subsidiaries of the Companies with actual knowledge of such inaccuracies on the part of the Executive, (iii) the Executive's refusal or willful failure to cooperate with an investigation by a governmental agency pertaining to the financial or other business affairs of the Companies (or either of them) or any of the respective subsidiaries of the Companies unless such refusal or willful failure is based upon a written direction of the Board or the written advice of counsel, (iv) the Executive's excessive absenteeism (other than by reason of physical injury, disease, or mental illness) without a reasonable justification and failure on the part of the Executive to cure such absenteeism within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth the particulars of such absenteeism, (v) material violation by the Executive of the provisions of Paragraph 11, (vi) habitual and material negligence by the Executive in the performance of his duties and responsibilities under or pursuant to this agreement and failure on the part of the Executive to cure such negligence within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such negligence, (vii) material non-compliance by the Executive with his obligations under Paragraph 9 and failure to correct such non-compliance within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (viii) material failure by the Executive to comply with a lawful directive of the Board or the Chief

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

Executive Officer of CSGS and failure to cure such non-compliance within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (ix) a material breach by the Executive of any of his fiduciary duties to the Companies (or either of them) or any of the respective subsidiaries of the Companies and, if such breach is curable, the Executive's failure to cure such breach within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such breach, or (x) willful misconduct or fraud on the part of the Executive in the performance of the Executive's duties under this agreement as determined in good faith by the Board. In no event shall the results of operations of the Companies or any business judgment made in good faith by the Executive constitute an independent basis for termination for cause of the Executive's employment under this agreement. Any termination of the Executive's employment for cause must be authorized by a majority vote of the Board taken not later than six (6) months after a majority of the members of the Board (other than the Executive) have actual knowledge of the occurrence of the event or conduct constituting the cause for such termination. If the Executive's employment under this agreement is terminated by the Board for cause, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination; and

(iii) Any other benefits payable to the Executive upon his termination for cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(d) Termination Without Cause Prior to a Change of Control. If, prior to the occurrence of a Change of Control, the Companies terminate the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through that date which is one (1) year after the effective date of such termination (the "Ending Date"), to be paid at the same times that the Base Salary would have been paid if such termination had not occurred; provided, that if the Executive commences employment with another employer, whether as an employee or as a consultant, prior to the Ending Date (for purposes of this Paragraph 10, the "Other Employment"), then such payments of the Base Salary shall be reduced from time to time by the aggregate amount of salary, cash bonus, and consulting fees received or receivable by the Executive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date;

(ii) The Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred and to be no less than the Executive's annual incentive bonus for the calendar year immediately preceding the calendar year in which such termination occurs;

(iii) An amount equal to fifty percent (50%) of the Base Salary in effect on the effective date of such termination, such amount to be paid, without interest, one year after the effective date of such termination.

(iv) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(v) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the Ending Date or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(vi) Any other benefits payable to the Executive upon his termination without cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(e) Termination Without Cause After a Change of Control. If, after the occurrence of a Change of Control, the Companies or any Permitted Assignee terminates the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive from the Companies and the Permitted Assignee, if any (all of whom

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

shall be jointly and severally liable therefor), all of the compensation, benefits, and other payments from the Companies which are described and provided for in subparagraph (d) of this Paragraph 10 (as modified by this subparagraph (e)); provided, however, that (i) for purposes of this subparagraph (e) the Ending Date shall be two (2) years after the effective date of such termination, and the aggregate Base Salary payable under subparagraph (d)(i) (as modified by this subparagraph (e)) for all periods through the Ending Date shall be paid to the Executive in a lump sum without regard to Other Employment not later than thirty (30) days after the effective date of such termination, (ii) the minimum annual incentive bonus payable under subparagraph (d)(ii) shall be paid to the Executive not later than thirty (30) days after the effective date of such termination (with any balance of such annual incentive bonus being payable as provided in such subparagraph (d)(ii)), and (iii) the amount payable under subparagraph (d)(iii) (as modified by this subparagraph (e)) shall be one hundred percent (100%) of the Base Salary in effect on the effective date of such termination and shall be paid to the Executive in a lump sum not later than thirty (30) days after the effective date of such termination.

(f) Constructive Termination. If at any time during the term of this agreement the Board, the Chief Executive Officer of CSGS, the Chief Operating Officer of CSGS, or a Permitted Assignee materially alters the duties and responsibilities of the Executive provided for in Paragraph 1 or assigns to the Executive duties and responsibilities materially inappropriate to an executive vice president of the Companies without the Executive's written consent, then, at the election of the Executive (such election to be made by written notice from the Executive to the Board or the Permitted Assignee, as may be appropriate in the circumstances), (i) such action by the Board, the Chief Executive Officer of CSGS, the Chief Operating Officer of CSGS, or such Permitted Assignee shall constitute a constructive termination of the Executive's employment by the Companies for a reason other than cause (the "Constructive Termination"), (ii) the Executive thereupon may resign from his offices and positions with the Companies and shall not be obligated to perform any further services of any kind to or for the Companies, and (iii) the Executive shall be entitled to receive from the Companies (and the Permitted Assignee, if applicable) at the applicable times all of the compensation, benefits, and other payments described in subparagraph (d) or subparagraph (e) of this Paragraph 10 (whichever may be applicable), as if the effective date of the Executive's resignation were the effective date of his termination of employment for purposes of determining such compensation, benefits, and other payments. Notwithstanding the foregoing provisions of this subparagraph (f), before exercising any of his rights pursuant to the preceding sentence, the Executive shall give written notice to the Chief Executive Officer of CSGS setting forth the Executive's intent to exercise such rights and specifying the Constructive Termination which the Executive claims to be the basis for such intended exercise; and the Companies shall have twenty (20) days after the Chief Executive Officer has received such notice to take such actions, if any, as the Companies may deem appropriate to eliminate such claimed Constructive Termination (without thereby admitting that a Constructive Termination had occurred). If the Companies so act to eliminate such claimed Constructive Termination, then the Executive shall not have any rights under this subparagraph (f) with respect to such claimed Constructive Termination.

(g) Voluntary Resignation. If the Executive voluntarily resigns as an employee of the Companies and thereby voluntarily terminates his employment under this agreement and if none of subparagraphs (a) through (f) of this Paragraph 10 is applicable to such termination, then the Executive shall be entitled to receive only the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through the effective date of such voluntary resignation;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such voluntary resignation;

(iii) If (and only if) the Executive's voluntary resignation is effective on December 31 of a particular calendar year, the Executive's annual incentive bonus (if any) for such calendar year, to be paid in accordance with the regular schedule for its payment; and

(iv) Any other benefits payable to the Executive upon his voluntary resignation, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such voluntary resignation.

The Executive understands and agrees that if this subparagraph (g) is applicable to the termination of the Executive's employment with the Companies, then, unless his voluntary resignation is effective on December 31 of a particular calendar year, the Executive will not be entitled to any annual incentive bonus for the calendar year in which his voluntary resignation becomes effective.

(h) Liquidated Damages. The Executive agrees to accept the compensation, benefits, and other payments provided for in subparagraph (d), subparagraph (e), or subparagraph (f) of this Paragraph 10, as the case may be, as full and complete liquidated damages for any breach of this agreement resulting from the actual or constructive termination by the Companies of the Executive's employment under this agreement for a reason other than cause or the Executive's death or disability; and the Executive shall not have and hereby waives and relinquishes any other rights or claims in respect of such breach.

(i) Notice of Other Employment and of Benefits. The Executive promptly shall notify the Companies in writing of (i) his acceptance of the Other Employment referred to in subparagraph (d) of this Paragraph 10, (ii) the effective date of such Other Employment, and (iii) the amount of salary, cash bonus, and consulting fees which the Executive receives or is entitled to receive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date. Whenever relevant for purposes of this Paragraph 10, the Executive also promptly shall notify the Companies of his receipt from another employer of any benefits of the types referred to in subparagraphs (b)(iv) and (d)(iv) of this Paragraph 10. Such information shall be updated by the Executive whenever necessary to keep the Companies informed on a current basis.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(j) Modification of Benefit Plans or Programs. Nothing contained in this Paragraph 10 shall obligate the Companies to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan or program referred to in subparagraph (b)(iv) or (d)(iv) of this Paragraph 10 so long as such actions are similarly applicable to senior executives of the Companies generally.

(k) Rights of Estate. If the Executive dies prior to his receipt of all of the cash payments to which he may be entitled pursuant to subparagraph (b), (c), (d), (e), (f), or (g) of this Paragraph 10 if any such subparagraph becomes applicable, then the unpaid portion of such cash payments shall be paid by the Companies to the personal representative of the Executive's estate at the same time or times that the payments would have been made to the Executive if he still were living.

(l) Excess Parachute Payments. If any of the payments required to be made to the Executive pursuant to subparagraph (d), (e), or (f) of this Paragraph 10 constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and any regulations thereunder, and the Executive becomes liable for any excise tax on such "excess parachute payments" and any interest or penalties thereon (such excise tax, interest, and penalties, collectively, the "Tax Penalties"), then the Companies (and the Permitted Assignee, if applicable) promptly shall make a cash payment (the "Additional Payment") to the Executive in an amount equal to the Tax Penalties. The Companies also promptly shall make an additional cash payment to the Executive in an amount rounded to the nearest $100.00 which is equal to any additional income, excise, and other taxes (using the individual tax rates applicable to the Executive for the year for which such Tax Penalties are owed) for which the Executive will be liable as a result of the Executive's receipt of the Additional Payment (the additional cash payment provided for in this sentence being referred to as a "Gross-Up Payment"). In addition, the Executive shall be entitled to promptly receive from the Companies (and the Permitted Assignee, if applicable) a further Gross-Up Payment in respect of each prior Gross-Up Payment until the amount of the last Gross-Up Payment is less than $100.00.

(m) Section 409A; Time and Form of Payments and Benefits. The parties intend that each payment and benefit provided to the Executive upon his termination of employment pursuant to Paragraph 10 hereof shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or shall comply with the requirements of Section 409A of the Code. The purpose of this subparagraph (m) is solely to amend this agreement to comply with, or be eligible for one or more exceptions from, the requirements of Section 409A of the Code.

(i) Time and Form of Payment. Each of the following amounts payable to the Executive under this agreement shall constitute a separate payment for purposes of Section 409A of the Code:

(1) Each pay period installment of Base Salary payable to the Executive pursuant to subparagraphs 10(d)(i) or 10(f)(iii) (each such installment, a "Salary Continuation Payment").

- Each Salary Continuation Payment shall be paid in accordance with the payroll payment schedule of the Companies in effect on the effective date of the Executive's termination of employment with the Companies.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(2) Any annual incentive bonus payable to the Executive pursuant to subparagraphs 10(d)(ii), 10(f)(iii) or 10(g)(iii) and the amount payable, if any, in excess of the minimum annual incentive bonus payable pursuant to subparagraph 10(e)(ii) ("Full Termination Year Bonus").

- Any Full Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(3) Any pro rata portion of the Executive's annual incentive bonus for the calendar year of the Executive's termination of employment pursuant to subparagraphs 10(a)(ii) or 10(b)(ii) ("Pro-Rated Termination Year Bonus").

- Any Pro-Rated Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(4) Any Base Salary amount payable pursuant to subparagraphs 10(e)(i) or 10(f)(iii) ("Lump Sum Salary").

- Any Lump Sum Salary shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(5) Any minimum annual incentive bonus for the calendar year in which the Executive terminates employment pursuant to subparagraphs 10(e)(ii) or 10(f)(iii) ("Lump Sum Bonus").

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

- Any Lump Sum Bonus shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(6) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(d)(iii) or 10(f)(iii) ("Percentage Base Amount").

- Any Percentage Base Amount shall be paid on the date that is one year after the effective date of the Executive's termination of employment with the Companies.

(7) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(e)(iii) or 10(f)(iii) ("Lump Sum Percentage Base Amount").

- Any Lump Sum Percentage Base Amount shall be paid not later than 30 days after the effective date of the Executive's termination of employment with the Companies.

(8) Any amounts payable to the Executive pursuant to subparagraph 10(l) as an "Additional Payment" and any "Gross-Up Payment" (the "Preliminary Gross-Up Payment").

- Any Preliminary Gross-Up Payment shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(9) Any amounts payable to the Executive pursuant to subparagraph 10(l) as a "further Gross-Up Payment" (the "Adjustment Gross-Up Payment").

- Any Adjustment Gross-Up Payment shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs.

(ii) Continuation of Benefits. Subparagraphs 10(b)(iv), 10(d)(v), 10(e), and 10(f) provide for continued participation by the Executive in designated health and welfare benefit programs of the Companies for a specified period. The parties intend that any in-kind benefits or reimbursement of expenses incurred by the Executive with respect to the

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

continuation of benefits satisfy the requirements for a fixed schedule of payments with respect to such benefits or payments as required by Treas. Reg. § 1.409A-3(i)(1)(iv). To the extent such continued participation by the Executive involves any payment for continued coverage by the Executive and reimbursement to the Executive, the amount of any such reimbursement shall be paid to the Executive (or his beneficiary) by December 31 of the calendar year following the year in which the Executive pays the actual cost of continued coverage. The amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Further, the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Six-Month Delay in Payment. Notwithstanding anything contained in this Employment Agreement to the contrary, if the Executive is deemed by the Companies at the time of the Executive's "separation from service" with the Companies to be a "specified employee," any compensation or benefits to which the Executive becomes entitled under this Employment Agreement in connection with such separation shall not be paid or commence until the date which is the first business day following the six month period after the Executive's separation from service (or if earlier, the Executive's death). Such delay in payment shall only be effected with respect to each separate payment or benefit to the extent required to avoid adverse tax treatment to the Executive, including (without limitation) the additional 20% tax for which the Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such delay in payment. Upon the expiration of the delay period, any compensation or benefits which would have otherwise been paid during the delay period (whether in a single sum or in installments) in the absence of this subparagraph shall be paid to the Executive or his beneficiary in a single sum payment.

(iv) Key Definitions. For purposes of Paragraph 10 of this Employment Agreement, the terms "separation from service" and "specified employee," and, solely with respect to subparagraph 10(b)(iv), the term "disability," shall have the meanings ascribed to such terms pursuant to Section 409A of the Code and the related treasury regulations and other applicable guidance.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

11. Nondisclosure. During the term of this agreement and thereafter, the Executive shall not, without the prior written consent of the Board or a person (other than the Executive) so authorized by the Board, disclose or use for any purpose (except in the course of his employment under this agreement and in furtherance of the business of the Companies or any of their respective subsidiaries) any confidential information, trade secrets, or proprietary data of the Companies or any of their respective subsidiaries (collectively, for purposes of this agreement, "Confidential Information"); provided, however, that Confidential Information shall not include any information then known generally to the public or ascertainable from public or published information (other than as a result of unauthorized disclosure by the Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Companies or their respective subsidiaries, as the case may be.

12. Successors and Assigns. This agreement and all rights under this agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees, successors, and assigns. This agreement is personal in nature, and none of the parties to this agreement shall, without the written consent of the others, assign or transfer this agreement or any right or obligation under this agreement to any other person or entity, except as permitted by Paragraph 14.

13. Notices. For purposes of this agreement, notices and other communications provided for in this agreement shall be deemed to be properly given if delivered personally or sent either by next-business-day prepaid express delivery by a recognized national express delivery service or by United States certified mail, return receipt requested, postage prepaid, in either case addressed as follows:

If to the Executive:	Robert M. Scott c/o CSG Systems, Inc. 9555 Maroon Circle Englewood, CO 80112
If to the Companies:	CSG Systems International, Inc. and CSG Systems, Inc. 9555 Maroon Circle Englewood, Colorado 80112 Attn: Chief Executive Officer
	with a copy to the General Counsel of the Companies,

or to such other address as either party may have furnished to the other party in writing in accordance with this paragraph. Such notices or other communications shall be effective only upon receipt.

14. Merger, Consolidation, Sale of Assets. In the event of (a) a merger of Systems with another corporation (other than CSGS) in a transaction in which Systems is not the surviving corporation, (b) the consolidation of Systems into a new corporation resulting from such consolidation, (c) the sale or other disposition of all or substantially all of the assets of Systems, the Companies may assign this agreement and all of the rights and obligations of the Companies under this agreement to the surviving, resulting, or acquiring

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

entity (for purposes of this agreement, a "Permitted Assignee"); provided, that such surviving, resulting, or acquiring entity shall in writing assume and agree to perform all of the obligations of the Companies under this agreement; and provided further, that the Companies shall remain jointly and severally liable for the performance of the obligations of the Companies under this agreement in the event of a failure of the Permitted Assignee to perform its obligations under this agreement.

15. Change of Control. For purposes of this agreement, a "Change of Control" shall be deemed to have occurred upon the happening of any of the following events:

(a) CSGS is merged or consolidated into another corporation, and immediately after such merger or consolidation becomes effective the holders of a majority of the outstanding shares of voting capital stock of CSGS 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 of the surviving or resulting corporation in such merger or consolidation;

(b) 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 CSGS;

(c) the Common Stock of CSGS 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 CSGS);

(d) CSGS 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 CSGS);

(e) in one or more substantially concurrent transactions or in a series of related transactions, CSGS 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 CSGS 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 CSGS for the Sold Business is equal to at least fifty percent (50%) of the market value of the outstanding Common Stock of CSGS determined by multiplying the average of the closing prices for the Common Stock of CSGS 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 CSGS during such four (4) calendar quarters; or

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

16. Miscellaneous. No provision of this agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and is signed by the Executive and an officer of CSGS (other than the Executive) so authorized by the Board. No waiver by any party to this agreement at any time of any breach by any other party of, or compliance by any other party with, any condition or provision of this agreement to be performed by such other party shall be deemed to be a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this agreement have been made by any party that are not expressly set forth in this agreement.

17. Representations of Companies. The Companies severally represent and warrant to the Executive that they have full legal power and authority to enter into this agreement, that the execution and delivery of this agreement by the Companies have been duly authorized by their respective boards of directors, and that the performance of their respective obligations under this agreement will not violate any agreement between the Companies, or either of them, and any other person, firm, or organization.

18. Non-Solicitation of Employees. For a period of one (1) year after the effective date of the termination of the Executive's employment under this agreement for any reason, whether voluntarily or involuntarily and with or without cause, without the prior written consent of CSGS the Executive agrees (i) not to directly or indirectly employ, solicit for employment, assist any other person in employing or soliciting for employment, or advise or recommend to any other person that such other person employ or solicit for employment any person who then is an employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies and (ii) not to recommend to any then employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies that such employee leave the employ of such employer.

19. Post-Termination Noncompetition. Because the Confidential Information known to or developed by the Executive during his employment by the Companies encompasses at the highest level information concerning the plans, strategies, products, operations, and existing and prospective customers of the Companies and their respective subsidiaries and could not practically be disregarded by the Executive, the Executive acknowledges that the Executive's provision of executive services to a competitor of the Companies (or

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

either of them) or any of the respective subsidiaries of the Companies soon after the termination of the Executive's employment by the Companies would inevitably result in the use of the Confidential Information by the Executive in his performance of such executive services, even if the Executive were to use his best efforts to avoid such use of the Confidential Information. To prevent such use of the Confidential Information and the resulting unfair competition and wrongful appropriation of the goodwill and other valuable proprietary interests of the Companies and their respective subsidiaries, the Executive agrees that for a period of one (1) year after the termination of his employment by the Companies for any reason, whether voluntarily or involuntarily and with or without cause, the Executive will not, directly or indirectly:

(a) engage, whether as an employee, agent, consultant, independent contractor, owner, partner, member, or otherwise, in a business activity which then competes in a material way with a business activity then being actively engaged in by the Companies (or either of them) or any of the respective subsidiaries of the Companies;

(b) solicit or recommend to any other person that such period solicit any then customer of the Companies (or either or them) or any of the respective subsidiaries of the Companies, which customer also was a customer of the Companies (or either of them) or any of the respective subsidiaries of the Companies at any time during the one (1) year period prior to the termination of the Executive's employment by the Companies, for the purpose of obtaining the business of such customer in competition with the Companies (or either of them) or any of the respective subsidiaries of the Companies; or

(c) induce or attempt to induce any then customer or prospective customer of the Companies (or either of them) or any of the respective subsidiaries of the Companies to terminate or not commence a business relationship with the Companies (or either of them) or any of the respective subsidiaries of the Companies.

The Companies and the Executive acknowledge and agree that the restrictions contained in this Paragraph 19 are both reasonable and necessary in view of the Executive's positions with the Companies and that the Executive's compensation and benefits under this agreement are sufficient consideration for the Executive's acceptance of such restrictions. Nevertheless, if any of the restrictions contained in this Paragraph 19 are found by a court having jurisdiction to be unreasonable, or excessively broad as to geographic area or time, or otherwise unenforceable, then the parties intend that the restrictions contained in this Paragraph 19 be modified by such court so as to be reasonable and enforceable and, as so modified by the court, be fully enforced. Nothing contained in this paragraph shall be construed to preclude the investment by the Executive of any of his assets in any publicly owned entity so long as the Executive has no direct or indirect involvement in the business of such entity and owns less than 2% of the voting equity securities of such entity. Nothing contained in this paragraph shall be construed to preclude the Executive from becoming employed by or serving as a consultant to or having dealings with a publicly owned entity one of whose businesses is a competitor of the Companies (or either of them) or any of the respective subsidiaries of the Companies so long as such employment, consultation, or dealings do not directly or indirectly involve or relate to the business of such entity which is a competitor of the Companies (or either of them) or any of the respective subsidiaries of the Companies.

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20. Joint and Several Obligations. All of the obligations of the Companies under this agreement are joint and several; and neither the bankruptcy, insolvency, dissolution, merger, consolidation, or reorganization nor the cessation of business or corporate existence of one of the Companies shall affect, impair, or diminish the obligations under this agreement of the other of the Companies. The compensation and benefits to which the Executive is entitled under this agreement are aggregate compensation and benefits, and the payment of such compensation or the provision of such benefits by one of the Companies shall to the extent of such payment or provision satisfy the obligations of the other of the Companies. The Companies may agree between themselves as to which of them will be responsible for some or all of the Executive's compensation and benefits under this agreement, but any such agreement between the Companies shall not diminish to any extent the joint and several liability of the Companies to the Executive for all of such compensation and benefits.

21. Injunctive Relief. The Executive acknowledges that his violation of the provisions and restrictions contained in Paragraphs 11, 18, and 19 could cause significant injury to the Companies for which the Companies would have no adequate remedy at law. Accordingly, the Executive agrees that the Companies will be entitled, in addition to any other rights and remedies that then may be available to the Companies, to seek and obtain injunctive relief to prevent any breach or potential breach of any of the provisions and restrictions contained in Paragraph 11, 18, or 19.

22. Dispute Resolution. Subject to the provisions of Paragraph 21, any claim by the Executive or the Companies arising from or in connection with this agreement, whether based on contract, tort, common law, equity, statute, regulation, order, or otherwise (a "Dispute"), shall be resolved as follows:

(a) Such Dispute shall be submitted to mandatory and binding arbitration at the election of either the Executive or the particular Company involved (the "Disputing Party"). Except as otherwise provided in this Paragraph 22, the arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA").

(b) To initiate the arbitration, the Disputing Party shall notify the other party in writing within 30 days after the occurrence of the event or events which give rise to the Dispute (the "Arbitration Demand"), which notice shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of any claim, (iii) specify the requested relief, and (iv) name an arbitrator who (A) has been licensed to practice law in the U.S. for at least ten years, (B) has no past or present relationship with either the Executive or the Companies, and (C) is experienced in representing clients in connection with employment related disputes (the "Basic Qualifications"). Within fifteen (15) days after the other party's receipt of the Arbitration Demand, such other party shall serve on the Disputing Party a written statement (i) answering the claims set forth in the Arbitration Demand and including any affirmative defenses of such party, (ii) asserting any counterclaim, which statement

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shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim, and (C) specify the requested relief, and (iii) naming a second arbitrator satisfying the Basic Qualifications. Promptly, but in any event within five (5) days thereafter, the two arbitrators so named shall select a third neutral arbitrator from a list provided by the AAA of potential arbitrators who satisfy the Basic Qualifications and who have no past or present relationship with the parties' counsel, except as otherwise disclosed in writing to and approved by the parties. The arbitration will be heard by a panel of the three arbitrators so chosen (the "Arbitration Panel"), with the third arbitrator so chosen serving as the chairperson of the Arbitration Panel. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(c) The arbitration hearing shall be held in Denver, Colorado. The Arbitration Panel is specifically authorized to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. The Arbitration Panel will have no power or authority, under the Commercial Arbitration Rules of the AAA or otherwise, to relieve the parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this agreement, including, without limitation, the provisions of this Paragraph 22.

(d) If an arbitrator refuses or is unable to proceed with arbitration proceedings as called for by this Paragraph 22, such arbitrator shall be replaced by the party who selected such arbitrator or, if such arbitrator was selected by the two party-appointed arbitrators, by such two party-appointed arbitrators' selecting a new third arbitrator in accordance with Paragraph 22(b), in either case within five (5) days after such declining or withdrawing arbitrator's giving notice of refusal or inability to proceed. Each such replacement arbitrator shall satisfy the Basic Qualifications. If an arbitrator is replaced pursuant to this Paragraph 22(d) after the arbitration hearing has commenced, then a rehearing shall take place in accordance with the provisions of this Paragraph 22(d) and the Commercial Arbitration Rules of the AAA.

(e) Within ten (10) days after the closing of the arbitration hearing, the Arbitration Panel shall prepare and distribute to the parties a writing setting forth the Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reason for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be confidential information.

(f) The Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

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(g) Any award rendered by the Arbitration Panel will be final, conclusive, and binding upon the parties, and any judgment on such award may be entered and enforced in any court of competent jurisdiction.

(h) Each party will bear a pro rata share of all fees, costs, and expenses of the arbitrators; and, notwithstanding any law to the contrary, each party will bear all of the fees, costs, and expenses of his or its own attorneys, experts, and witnesses. However, in connection with any judicial proceeding to compel arbitration pursuant to this agreement or to enforce any award rendered by the Arbitration Panel, the prevailing party in such a proceeding will be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such proceedings, in addition to any other relief to which such party may be entitled.

(i) Nothing contained in the preceding provisions of this Paragraph 22 shall be construed to prevent either party from seeking from a court a temporary restraining order or other injunctive relief pending final resolution of a Dispute pursuant to this Paragraph 22.

23. No Duty to Seek Employment. The Executive shall not be under any duty or obligation to seek or accept other employment following the termination of his employment by the Companies; and, except as expressly provided in subparagraphs (b)(iv), (d)(i), and (d)(v) of Paragraph 10, no amount, payment, or benefit due the Executive under this agreement shall be reduced, suspended, or discontinued if the Executive accepts such other employment.

24. Withholding of Taxes. The Companies may withhold from any amounts payable to the Executive under this agreement all federal, state, and local taxes which are required to be so withheld by any applicable law or governmental regulation or ruling.

25. Validity. The invalidity or unenforceability of any provision or provisions of this agreement shall not affect the validity or enforceability of any other provision of this agreement, which other provision shall remain in full force and effect; nor shall the invalidity or unenforceability of a portion of any provision of this agreement affect the validity or enforceability of the balance of such provision.

26. Counterparts. This document may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

27. Headings. The headings of the paragraphs contained in this document are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this agreement.

28. Applicable Law. This agreement shall be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Colorado.

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29. Section 409A. The parties intend that any amounts payable and benefits provided under this agreement and the exercise of authority or discretion hereunder by the Companies or by the Executive (i) shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or (ii) shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto, in each case so as not to subject the Executive to the payment of additional taxes and interest that may be imposed under Section 409A of the Code. To the extent that any amount payable or benefit provided under this agreement would trigger the additional tax or interest imposed under Section 409A of the Code, this agreement shall be modified to avoid such additional tax or interest and to preserve, to the nearest extent reasonably possible, the intended benefit to the Executive.

IN WITNESS WHEREOF, the Companies and the Executive have executed this Restated Employment Agreement on the day and year first above written.

CSG SYSTEMS INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ Peter E. Kalan
Peter E. Kalan, President and
Chief Executive Officer

CSG SYSTEMS, INC., a Delaware
corporation

By: /s/ Peter E. Kalan
Peter E. Kalan, President and
Chief Executive Officer

/s/ Robert M. Scott
Robert M. Scott

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

RESTATED EMPLOYMENT AGREEMENT

This Restated Employment Agreement is made and entered into on the 29th day of May, 2008, among CSG SYSTEMS INTERNATIONAL, INC. ("CSGS"), a Delaware corporation, CSG SYSTEMS, INC. ("Systems"), a Delaware corporation, and RANDY R. WIESE (the "Executive"). CSGS and Systems collectively are referred to in this Employment Agreement as the "Companies".

* * *

WHEREAS, the Companies and the Executive entered into an Employment Agreement dated April 25, 2006 (the "Employment Agreement") and thereafter entered into First, Second, and Third Amendments to the Employment Agreement; and

WHEREAS, by this Restated Employment Agreement, the Companies and the Executive are restating the Employment Agreement, as amended, so as to reflect all of its current terms in a single document;

NOW, THEREFORE, the Companies and the Executive agree that the current terms of the Employment Agreement between the Companies and the Executive are as follows:

1. Employment and Duties. Each of the Companies hereby employs the Executive as an Executive Vice President and as Chief Financial Officer and Chief Accounting Officer throughout the term of this agreement and agrees during the term of this agreement to cause the Executive from time to time to be elected or appointed to such corporate offices or positions; provided, however, that the Companies reserve the right at any time, in the discretion of the Companies, to designate another person as Chief Accounting Officer of the Companies. The duties and responsibilities of the Executive shall include the duties and responsibilities of the Executive's corporate offices and positions referred to in the preceding sentence which are set forth in the respective bylaws of the Companies from time to time and such other duties and responsibilities consistent with the Executive's corporate offices and positions referred to in the preceding sentence and this agreement which the Board of Directors of CSGS (the "Board"), the Chief Executive Officer of CSGS, or the Chief Operating Officer of CSGS from time to time may assign to the Executive. If the Executive is elected or appointed as a director of CSGS or Systems or as an officer or director of any of the respective subsidiaries of the Companies during the term of this agreement, then he also shall serve in such capacity or capacities but without additional compensation.

2. Term of Employment. The employment of the Executive under this agreement shall begin on the date of this agreement and shall continue until the first to occur of (a) the Executive's death, (b) the effective date of the Executive's voluntary resignation as an

employee of the Companies, (c) the effective date of the termination of the Executive's employment by the Companies by reason of the Executive's disability pursuant to Paragraph 10(b) of this agreement, (d) the effective date of the termination of the Executive's employment by the Companies for cause pursuant to Paragraph 10(c) of this agreement, (e) the effective date of the termination of the Executive's employment by the Companies for any reason other than cause or the Executive's death or disability pursuant to Paragraph 10(d) or Paragraph 10(e) of this agreement, or (f) the effective date of the termination of the Executive's employment pursuant to Paragraph 10(f) of this agreement. Upon the termination of the employment of the Executive under this agreement, the applicable provisions of Paragraph 10 of this agreement shall become effective; and the Companies and the Executive thereupon and thereafter shall comply with the applicable provisions of Paragraph 10 of this agreement.

3. Place of Employment. Regardless of the location of the executive offices of the Companies during the term of this agreement, the Companies shall maintain a suitably staffed office for the Executive in the Omaha, Nebraska, metropolitan area during the term of this agreement; and the Executive will not be required without his consent to relocate or transfer his executive office or principal residence from the immediate vicinity of the Omaha, Nebraska, metropolitan area.

4. Base Salary. For all services to be rendered by the Executive pursuant to this Agreement, the Companies agree to pay the Executive during the term of this agreement a base salary (the "Base Salary") for each calendar year at an annual rate which is not less than the annual rate of the Executive's Base Salary in effect on December 31 of the immediately preceding calendar year. The Executive's annual incentive bonus provided for in Paragraph 5 and all other compensation and benefits to which the executive is or may become entitled pursuant to this agreement or under any plans or programs of the Companies shall be in addition to the Base Salary.

5. Annual Incentive Bonus. The Board previously has established an incentive bonus program for the Executive for 2006. Such incentive bonus program for 2006 has been reflected either in a written supplement to this agreement signed by the Companies and the Executive or in such other form as the Companies customarily use for such purpose. The same procedure shall be followed for subsequent calendar years during the term of this agreement, so that an annual incentive bonus program for the Executive will be in effect throughout the term of this agreement. The Executive and the Companies understand and acknowledge that, among other things, such incentive bonus program will involve achievement by the Companies or a particular division of the Companies of various financial objectives, which may include but are not limited to revenues and earnings, and also may include achievement by the Companies or a particular division of the Companies of various non-financial objectives. Such incentive bonus program for each calendar year shall provide the opportunity for the Executive to earn an incentive bonus of not less than sixty-five percent (65%) of his Base Salary for such calendar year if the agreed upon objectives are fully achieved.

6. Expenses. During the term of this agreement, the Executive shall be entitled to prompt reimbursement by the Companies of all reasonable ordinary and necessary travel, entertainment, and other expenses incurred by the Executive (in accordance with the policies and procedures established by the Companies for their respective senior executive officers) in the performance of the Executive's duties and responsibilities under this agreement; provided, that the Executive shall properly account for such expenses in accordance with the policies and procedures of the Companies, which may include but are not limited to itemized accountings.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

7. Other Benefits. During the term of this agreement, the Companies shall provide to the Executive and his eligible dependents at the expense of the Companies individual or group medical, hospital, dental, and long-term disability insurance coverages and group life insurance coverage, in each case at least as favorable as those coverages which are provided to other executive vice presidents of the Companies. During the term of this agreement, the Executive also shall be entitled to participate in such other benefit plans or programs which the Companies from time to time may make available to their employees generally (except such programs, such as the 1996 Employee Stock Purchase Plan of CSGS, in which executive officers of CSGS are not eligible to participate because of securities law reasons).

8. Vacations and Holidays. During the term of this agreement, the Executive shall be entitled to paid vacations and holidays in accordance with the policies of the Companies in effect from time to time for their respective senior executive officers, but in no event shall the Executive be entitled to less than four (4) weeks of vacation during each calendar year.

9. Full-Time Efforts and Other Activities. During the term of this agreement, to the best of his ability and using all of his skills, the Executive shall devote substantially all of his working time and efforts during the normal business hours of the Companies to the business and affairs of the Companies and to the diligent and faithful performance of the duties and responsibilities assigned to him pursuant to this agreement, except for vacations, holidays, and sick days. However, the Executive may devote a reasonable amount of his time to civic, community, or charitable activities, to service on the governing bodies or committees of trade associations or similar organizations of which either or both of the Companies are members, and, with the prior approval of the Board or the Chief Executive Officer of CSGS, to service as a director of other corporations and to other types of activities not expressly mentioned in this paragraph, so long as the activities referred to in this sentence do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement. The Executive also shall be free to manage and invest his assets in such manner as will not require any substantial services by the Executive in the conduct of the businesses or affairs of the entities or in the management of the properties in which such investments are made, so long as such activities do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement. At all times during the term of this agreement, the Executive shall comply with the requirements of the then current Code of Business Conduct and Ethics of CSGS.

10. Termination of Employment.

(a) Termination Because of Death. The Executive's employment by the Companies under this agreement shall terminate upon his death. If the Executive's employment under this agreement terminates because of his death, then the Executive's estate or his beneficiaries (as the case may be) shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the date of the Executive's death;

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(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which his death occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the date of the Executive's death as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid had the Executive's death not occurred and the Executive had continued to be employed by the Companies;

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the date of the Executive's death; and

(iv) Any other benefits payable by reason of the Executive's death, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the date of the Executive's death.

(b) Termination Because of Disability. If the Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing his duties and responsibilities under this agreement for a continuous period of six (6) months or more or for more than one hundred eighty (180) days in the aggregate (whether or not consecutive) during any 12-month period, then at any time after the elapse of such six-month period or such 180 days, as the case may be, the Board may terminate the Executive's employment by the Companies under this agreement. If the Executive's employment under this agreement is terminated by the Board because of such disability on the part of the Executive, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the effective date of such termination as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred and the Executive had continued to be employed by the Companies;

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(iv) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the cessation of such disability, the Executive's death, the Executive's attainment of age sixty-five (65), or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(v) Any other benefits payable by reason of the Executive's disability, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

For purposes of this subparagraph (b), decisions with respect to the Executive's disability shall be made by the Board, using its reasonable good faith judgment; and, in making any such decision, the Board shall be entitled to rely upon the opinion of a duly licensed and qualified physician selected by a majority of the members of the Board who are not employees of either of the Companies or any of their respective subsidiaries.

(c) Termination for Cause. The Board may terminate the Executive's employment by the Companies under this agreement for cause; however, for purposes of this agreement "cause" shall mean only (i) the Executive's confession or conviction of theft, fraud, embezzlement, or other crime involving dishonesty, (ii) the Executive's certification of materially inaccurate financial or other information pertaining to the Companies (or either of them) or any of the respective subsidiaries of the Companies with actual knowledge of such inaccuracies on the part of the Executive, (iii) the Executive's refusal or willful failure to cooperate with an investigation by a governmental agency pertaining to the financial or other business affairs of the Companies (or either of them) or any of the respective subsidiaries of the Companies unless such refusal or willful failure is based upon a written direction of the Board

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or the written advice of counsel, (iv) the Executive's excessive absenteeism (other than by reason of physical injury, disease, or mental illness) without a reasonable justification and failure on the part of the Executive to cure such absenteeism within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth the particulars of such absenteeism, (v) material violation by the Executive of the provisions of Paragraph 11, (vi) habitual and material negligence by the Executive in the performance of his duties and responsibilities under or pursuant to this agreement and failure on the part of the Executive to cure such negligence within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such negligence, (vii) material non-compliance by the Executive with his obligations under Paragraph 9 and failure to correct such non-compliance within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (viii) material failure by the Executive to comply with a lawful directive of the Board or the Chief Executive Officer of CSGS and failure to cure such non-compliance within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (ix) a material breach by the Executive of any of his fiduciary duties to the Companies (or either of them) or any of the respective subsidiaries of the Companies and, if such breach is curable, the Executive's failure to cure such breach within twenty (20) days after the Executive's receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such breach, or (x) willful misconduct or fraud on the part of the Executive in the performance of the Executive's duties under this agreement as determined in good faith by the Board. In no event shall the results of operations of the Companies or any business judgment made in good faith by the Executive constitute an independent basis for termination for cause of the Executive's employment under this agreement. Any termination of the Executive's employment for cause must be authorized by a majority vote of the Board taken not later than six (6) months after a majority of the members of the Board (other than the Executive) have actual knowledge of the occurrence of the event or conduct constituting the cause for such termination. If the Executive's employment under this agreement is terminated by the Board for cause, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination; and

(iii) Any other benefits payable to the Executive upon his termination for cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

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(d) Termination Without Cause Prior to a Change of Control. If, prior to the occurrence of a Change of Control, the Companies terminate the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through that date which is one (1) year after the effective date of such termination (the "Ending Date"), to be paid at the same times that the Base Salary would have been paid if such termination had not occurred; provided, that if the Executive commences employment with another employer, whether as an employee or as a consultant, prior to the Ending Date (for purposes of this Paragraph 10, the "Other Employment"), then such payments of the Base Salary shall be reduced from time to time by the aggregate amount of salary, cash bonus, and consulting fees received or receivable by the Executive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date;

(ii) The Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred and to be no less than the Executive's annual incentive bonus for the calendar year immediately preceding the calendar year in which such termination occurs;

(iii) An amount equal to fifty percent (50%) of the Base Salary in effect on the effective date of such termination, such amount to be paid, without interest, one year after the effective date of such termination.

(iv) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(v) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the Ending Date or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

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(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(vi) Any other benefits payable to the Executive upon his termination without cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(e) Termination Without Cause After a Change of Control. If, after the occurrence of a Change of Control, the Companies or any Permitted Assignee terminates the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive from the Companies and the Permitted Assignee, if any (all of whom shall be jointly and severally liable therefor), all of the compensation, benefits, and other payments from the Companies which are described and provided for in subparagraph (d) of this Paragraph 10 (as modified by this subparagraph (e)); provided, however, that (i) for purposes of this subparagraph (e) the Ending Date shall be two (2) years after the effective date of such termination, and the aggregate Base Salary payable under subparagraph (d)(i) (as modified by this subparagraph (e)) for all periods through the Ending Date shall be paid to the Executive in a lump sum without regard to Other Employment not later than thirty (30) days after the effective date of such termination, (ii) the minimum annual incentive bonus payable under subparagraph (d)(ii) shall be paid to the Executive not later than thirty (30) days after the effective date of such termination (with any balance of such annual incentive bonus being payable as provided in such subparagraph (d)(ii)), and (iii) the amount payable under subparagraph (d)(iii) (as modified by this subparagraph (e)) shall be one hundred percent (100%) of the Base Salary in effect on the effective date of such termination and shall be paid to the Executive in a lump sum not later than thirty (30) days after the effective date of such termination.

(f) Constructive Termination. If at any time during the term of this agreement the Board, the Chief Executive Officer of CSGS, the Chief Operating Officer of CSGS, or a Permitted Assignee materially alters the duties and responsibilities of the Executive provided for in Paragraph 1 or assigns to the Executive duties and responsibilities materially inappropriate to an executive vice president of the Companies without the Executive's written consent, then, at the election of the Executive (such election to be made by written notice from the Executive to the Board or the Permitted Assignee, as may be appropriate in the circumstances), (i) such action by the Board, the Chief Executive Officer of CSGS, the Chief Operating Officer of CSGS, or such Permitted Assignee shall constitute a constructive termination of the Executive's employment by the Companies for a reason other than cause (the "Constructive Termination"), (ii) the Executive thereupon may resign from his offices and positions with the Companies and shall not

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

be obligated to perform any further services of any kind to or for the Companies, and (iii) the Executive shall be entitled to receive from the Companies (and the Permitted Assignee, if applicable) at the applicable times all of the compensation, benefits, and other payments described in subparagraph (d) or subparagraph (e) of this Paragraph 10 (whichever may be applicable), as if the effective date of the Executive's resignation were the effective date of his termination of employment for purposes of determining such compensation, benefits, and other payments. Notwithstanding the foregoing provisions of this subparagraph (f), before exercising any of his rights pursuant to the preceding sentence, the Executive shall give written notice to the Chief Executive Officer of CSGS setting forth the Executive's intent to exercise such rights and specifying the Constructive Termination which the Executive claims to be the basis for such intended exercise; and the Companies shall have twenty (20) days after the Chief Executive Officer has received such notice to take such actions, if any, as the Companies may deem appropriate to eliminate such claimed Constructive Termination (without thereby admitting that a Constructive Termination had occurred). If the Companies so act to eliminate such claimed Constructive Termination, then the Executive shall not have any rights under this subparagraph (f) with respect to such claimed Constructive Termination.

(g) Voluntary Resignation. If the Executive voluntarily resigns as an employee of the Companies and thereby voluntarily terminates his employment under this agreement and if none of subparagraphs (a) through (f) of this Paragraph 10 is applicable to such termination, then the Executive shall be entitled to receive only the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through the effective date of such voluntary resignation;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such voluntary resignation;

(iii) If (and only if) the Executive's voluntary resignation is effective on December 31 of a particular calendar year, the Executive's annual incentive bonus (if any) for such calendar year, to be paid in accordance with the regular schedule for its payment; and

(iv) Any other benefits payable to the Executive upon his voluntary resignation, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such voluntary resignation.

The Executive understands and agrees that if this subparagraph (g) is applicable to the termination of the Executive's employment with the Companies, then, unless his voluntary resignation is effective on December 31 of a particular calendar year, the Executive will not be entitled to any annual incentive bonus for the calendar year in which his voluntary resignation becomes effective.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(h) Liquidated Damages. The Executive agrees to accept the compensation, benefits, and other payments provided for in subparagraph (d), subparagraph (e), or subparagraph (f) of this Paragraph 10, as the case may be, as full and complete liquidated damages for any breach of this agreement resulting from the actual or constructive termination by the Companies of the Executive's employment under this agreement for a reason other than cause or the Executive's death or disability; and the Executive shall not have and hereby waives and relinquishes any other rights or claims in respect of such breach.

(i) Notice of Other Employment and of Benefits. The Executive promptly shall notify the Companies in writing of (i) his acceptance of the Other Employment referred to in subparagraph (d) of this Paragraph 10, (ii) the effective date of such Other Employment, and (iii) the amount of salary, cash bonus, and consulting fees which the Executive receives or is entitled to receive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date. Whenever relevant for purposes of this Paragraph 10, the Executive also promptly shall notify the Companies of his receipt from another employer of any benefits of the types referred to in subparagraphs (b)(iv) and (d)(iv) of this Paragraph 10. Such information shall be updated by the Executive whenever necessary to keep the Companies informed on a current basis.

(j) Modification of Benefit Plans or Programs. Nothing contained in this Paragraph 10 shall obligate the Companies to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan or program referred to in subparagraph (b)(iv) or (d)(iv) of this Paragraph 10 so long as such actions are similarly applicable to senior executives of the Companies generally.

(k) Rights of Estate. If the Executive dies prior to his receipt of all of the cash payments to which he may be entitled pursuant to subparagraph (b), (c), (d), (e), (f), or (g) of this Paragraph 10 if any such subparagraph becomes applicable, then the unpaid portion of such cash payments shall be paid by the Companies to the personal representative of the Executive's estate at the same time or times that the payments would have been made to the Executive if he still were living.

(l) Excess Parachute Payments. If any of the payments required to be made to the Executive pursuant to subparagraph (d), (e), or (f) of this Paragraph 10 constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and any regulations thereunder, and the Executive becomes liable for any excise tax on such "excess parachute payments" and any interest or penalties thereon (such excise tax, interest, and penalties, collectively, the "Tax Penalties"), then the Companies (and the Permitted Assignee, if applicable) promptly shall make a cash payment (the "Additional Payment") to the Executive in an amount equal to the Tax Penalties. The Companies also promptly shall make an additional cash payment to the Executive in an amount rounded to the nearest $100.00 which is equal to any additional income, excise, and other taxes (using the individual tax rates applicable to the Executive for the year for which such Tax Penalties are owed) for which the Executive will be liable as a result of the Executive's receipt of the Additional Payment (the additional cash payment provided for in this sentence being referred to as a "Gross-Up Payment"). In addition, the Executive shall be entitled to promptly receive from the Companies (and the Permitted Assignee, if applicable) a further Gross-Up Payment in respect of each prior Gross-Up Payment until the amount of the last Gross-Up Payment is less than $100.00.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(m) Section 409A; Time and Form of Payments and Benefits. The parties intend that each payment and benefit provided to the Executive upon his termination of employment pursuant to Paragraph 10 hereof shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or shall comply with the requirements of Section 409A of the Code. The purpose of this subparagraph (m) is solely to amend this agreement to comply with, or be eligible for one or more exceptions from, the requirements of Section 409A of the Code.

(i) Time and Form of Payment. Each of the following amounts payable to the Executive under this agreement shall constitute a separate payment for purposes of Section 409A of the Code:

(1) Each pay period installment of Base Salary payable to the Executive pursuant to subparagraphs 10(d)(i) or 10(f)(iii) (each such installment, a "Salary Continuation Payment").

- Each Salary Continuation Payment shall be paid in accordance with the payroll payment schedule of the Companies in effect on the effective date of the Executive's termination of employment with the Companies.

(2) Any annual incentive bonus payable to the Executive pursuant to subparagraphs 10(d)(ii), 10(f)(iii) or 10(g)(iii) and the amount payable, if any, in excess of the minimum annual incentive bonus payable pursuant to subparagraph 10(e)(ii) ("Full Termination Year Bonus").

- Any Full Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(3) Any pro rata portion of the Executive's annual incentive bonus for the calendar year of the Executive's termination of employment pursuant to subparagraphs 10(a)(ii) or 10(b)(ii) ("Pro-Rated Termination Year Bonus").

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

- Any Pro-Rated Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(4) Any Base Salary amount payable pursuant to subparagraphs 10(e)(i) or 10(f)(iii) ("Lump Sum Salary").

- Any Lump Sum Salary shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(5) Any minimum annual incentive bonus for the calendar year in which the Executive terminates employment pursuant to subparagraphs 10(e)(ii) or 10(f)(iii) ("Lump Sum Bonus").

- Any Lump Sum Bonus shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(6) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(d)(iii) or 10(f)(iii) ("Percentage Base Amount").

- Any Percentage Base Amount shall be paid on the date that is one year after the effective date of the Executive's termination of employment with the Companies.

(7) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(e)(iii) or 10(f)(iii) ("Lump Sum Percentage Base Amount").

- Any Lump Sum Percentage Base Amount shall be paid not later than 30 days after the effective date of the Executive's termination of employment with the Companies.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(8) Any amounts payable to the Executive pursuant to subparagraph 10(l) as an "Additional Payment" and any "Gross-Up Payment" (the "Preliminary Gross-Up Payment").

- Any Preliminary Gross-Up Payment shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(9) Any amounts payable to the Executive pursuant to subparagraph 10(l) as a "further Gross-Up Payment" (the "Adjustment Gross-Up Payment").

- Any Adjustment Gross-Up Payment shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs.

(ii) Continuation of Benefits. Subparagraphs 10(b)(iv), 10(d)(v), 10(e), and 10(f) provide for continued participation by the Executive in designated health and welfare benefit programs of the Companies for a specified period. The parties intend that any in-kind benefits or reimbursement of expenses incurred by the Executive with respect to the continuation of benefits satisfy the requirements for a fixed schedule of payments with respect to such benefits or payments as required by Treas. Reg. § 1.409A-3(i)(1)(iv). To the extent such continued participation by the Executive involves any payment for continued coverage by the Executive and reimbursement to the Executive, the amount of any such reimbursement shall be paid to the Executive (or his beneficiary) by December 31 of the calendar year following the year in which the Executive pays the actual cost of continued coverage. The amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Further, the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(iii) Six-Month Delay in Payment. Notwithstanding anything contained in this Employment Agreement to the contrary, if the Executive is deemed by the Companies at the time of the Executive's "separation from service" with the Companies to be a "specified employee," any compensation or benefits to which the Executive becomes entitled under this Employment Agreement in connection with such separation shall not be paid or commence until the date which is the first business day following the six month period after the Executive's separation from service (or if earlier, the Executive's death). Such delay in payment shall only be effected with respect to each separate payment or benefit to the extent required to avoid adverse tax treatment to the Executive, including (without limitation) the additional 20% tax for which the Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such delay in payment. Upon the expiration of the delay period, any compensation or benefits which would have otherwise been paid during the delay period (whether in a single sum or in installments) in the absence of this subparagraph shall be paid to the Executive or his beneficiary in a single sum payment.

(iv) Key Definitions. For purposes of Paragraph 10 of this Employment Agreement, the terms "separation from service" and "specified employee," and, solely with respect to subparagraph 10(b)(iv), the term "disability," shall have the meanings ascribed to such terms pursuant to Section 409A of the Code and the related treasury regulations and other applicable guidance.

11. Nondisclosure. During the term of this agreement and thereafter, the Executive shall not, without the prior written consent of the Board or a person (other than the Executive) so authorized by the Board, disclose or use for any purpose (except in the course of his employment under this agreement and in furtherance of the business of the Companies or any of their respective subsidiaries) any confidential information, trade secrets, or proprietary data of the Companies or any of their respective subsidiaries (collectively, for purposes of this agreement, "Confidential Information"); provided, however, that Confidential Information shall not include any information then known generally to the public or ascertainable from public or published information (other than as a result of unauthorized disclosure by the Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Companies or their respective subsidiaries, as the case may be.

12. Successors and Assigns. This agreement and all rights under this agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees, successors, and assigns. This agreement is personal in nature, and none of the parties to this agreement shall, without the written consent of the others, assign or transfer this agreement or any right or obligation under this agreement to any other person or entity, except as permitted by Paragraph 14.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

13. Notices. For purposes of this agreement, notices and other communications provided for in this agreement shall be deemed to be properly given if delivered personally or sent either by next-business-day prepaid express delivery by a recognized national express delivery service or by United States certified mail, return receipt requested, postage prepaid, in either case addressed as follows:

If to the Executive:	Randy R. Wiese c/o CSG Systems, Inc. 2525 North 117th Avenue Omaha, NE 68164
If to the Companies:	CSG Systems International, Inc. and CSG Systems, Inc. 9555 Maroon Circle Englewood, Colorado 80112 Attn: Chief Executive Officer
	with a copy to the General Counsel of the Companies,

or to such other address as either party may have furnished to the other party in writing in accordance with this paragraph. Such notices or other communications shall be effective only upon receipt.

14. Merger, Consolidation, Sale of Assets. In the event of (a) a merger of Systems with another corporation (other than CSGS) in a transaction in which Systems is not the surviving corporation, (b) the consolidation of Systems into a new corporation resulting from such consolidation, (c) the sale or other disposition of all or substantially all of the assets of Systems, the Companies may assign this agreement and all of the rights and obligations of the Companies under this agreement to the surviving, resulting, or acquiring entity (for purposes of this agreement, a "Permitted Assignee"); provided, that such surviving, resulting, or acquiring entity shall in writing assume and agree to perform all of the obligations of the Companies under this agreement; and provided further, that the Companies shall remain jointly and severally liable for the performance of the obligations of the Companies under this agreement in the event of a failure of the Permitted Assignee to perform its obligations under this agreement.

15. Change of Control. For purposes of this agreement, a "Change of Control" shall be deemed to have occurred upon the happening of any of the following events:

(a) CSGS is merged or consolidated into another corporation, and immediately after such merger or consolidation becomes effective the holders of a majority of the outstanding shares of voting capital stock of CSGS 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 of the surviving or resulting corporation in such merger or consolidation;

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(b) 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 CSGS;

(c) the Common Stock of CSGS 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 CSGS);

(d) CSGS 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 CSGS);

(e) in one or more substantially concurrent transactions or in a series of related transactions, CSGS 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 CSGS 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 CSGS for the Sold Business is equal to at least fifty percent (50%) of the market value of the outstanding Common Stock of CSGS determined by multiplying the average of the closing prices for the Common Stock of CSGS 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 CSGS during such four (4) calendar quarters; or

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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

16. Miscellaneous. No provision of this agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and is signed by the Executive and an officer of CSGS (other than the Executive) so authorized by the Board. No waiver by any party to this agreement at any time of any breach by any other party of, or compliance by any other party with, any condition or provision of this agreement to be performed by such other party shall be deemed to be a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this agreement have been made by any party that are not expressly set forth in this agreement.

17. Representations of Companies. The Companies severally represent and warrant to the Executive that they have full legal power and authority to enter into this agreement, that the execution and delivery of this agreement by the Companies have been duly authorized by their respective boards of directors, and that the performance of their respective obligations under this agreement will not violate any agreement between the Companies, or either of them, and any other person, firm, or organization.

18. Non-Solicitation of Employees. For a period of one (1) year after the effective date of the termination of the Executive's employment under this agreement for any reason, whether voluntarily or involuntarily and with or without cause, without the prior written consent of CSGS the Executive agrees (i) not to directly or indirectly employ, solicit for employment, assist any other person in employing or soliciting for employment, or advise or recommend to any other person that such other person employ or solicit for employment any person who then is an employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies and (ii) not to recommend to any then employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies that such employee leave the employ of such employer.

19. Post-Termination Noncompetition. Because the Confidential Information known to or developed by the Executive during his employment by the Companies encompasses at the highest level information concerning the plans, strategies, products, operations, and existing and prospective customers of the Companies and their respective subsidiaries and could not practically be disregarded by the Executive, the Executive acknowledges that the Executive's provision of executive services to a competitor of the Companies (or either of them) or any of the respective subsidiaries of the Companies soon after the termination of the Executive's employment by the Companies would inevitably result in the use of the Confidential Information by the Executive in his performance of such executive services, even if the Executive were to use his best efforts to avoid such use of the Confidential Information. To prevent such use of the Confidential Information and the resulting unfair competition and wrongful appropriation of the goodwill and other valuable proprietary interests of the Companies and their respective subsidiaries, the Executive agrees that for a period of one (1) year after the termination of his employment by the Companies for any reason, whether voluntarily or involuntarily and with or without cause, the Executive will not, directly or indirectly:

(a) engage, whether as an employee, agent, consultant, independent contractor, owner, partner, member, or otherwise, in a business activity which then competes in a material way with a business activity then being actively engaged in by the Companies (or either of them) or any of the respective subsidiaries of the Companies;

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(b) solicit or recommend to any other person that such period solicit any then customer of the Companies (or either or them) or any of the respective subsidiaries of the Companies, which customer also was a customer of the Companies (or either of them) or any of the respective subsidiaries of the Companies at any time during the one (1) year period prior to the termination of the Executive's employment by the Companies, for the purpose of obtaining the business of such customer in competition with the Companies (or either of them) or any of the respective subsidiaries of the Companies; or

(c) induce or attempt to induce any then customer or prospective customer of the Companies (or either of them) or any of the respective subsidiaries of the Companies to terminate or not commence a business relationship with the Companies (or either of them) or any of the respective subsidiaries of the Companies.

The Companies and the Executive acknowledge and agree that the restrictions contained in this Paragraph 19 are both reasonable and necessary in view of the Executive's positions with the Companies and that the Executive's compensation and benefits under this agreement are sufficient consideration for the Executive's acceptance of such restrictions. Nevertheless, if any of the restrictions contained in this Paragraph 19 are found by a court having jurisdiction to be unreasonable, or excessively broad as to geographic area or time, or otherwise unenforceable, then the parties intend that the restrictions contained in this Paragraph 19 be modified by such court so as to be reasonable and enforceable and, as so modified by the court, be fully enforced. Nothing contained in this paragraph shall be construed to preclude the investment by the Executive of any of his assets in any publicly owned entity so long as the Executive has no direct or indirect involvement in the business of such entity and owns less than 2% of the voting equity securities of such entity. Nothing contained in this paragraph shall be construed to preclude the Executive from becoming employed by or serving as a consultant to or having dealings with a publicly owned entity one of whose businesses is a competitor of the Companies (or either of them) or any of the respective subsidiaries of the Companies so long as such employment, consultation, or dealings do not directly or indirectly involve or relate to the business of such entity which is a competitor of the Companies (or either of them) or any of the respective subsidiaries of the Companies.

20. Joint and Several Obligations. All of the obligations of the Companies under this agreement are joint and several; and neither the bankruptcy, insolvency, dissolution, merger, consolidation, or reorganization nor the cessation of business or corporate existence

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

of one of the Companies shall affect, impair, or diminish the obligations under this agreement of the other of the Companies. The compensation and benefits to which the Executive is entitled under this agreement are aggregate compensation and benefits, and the payment of such compensation or the provision of such benefits by one of the Companies shall to the extent of such payment or provision satisfy the obligations of the other of the Companies. The Companies may agree between themselves as to which of them will be responsible for some or all of the Executive's compensation and benefits under this agreement, but any such agreement between the Companies shall not diminish to any extent the joint and several liability of the Companies to the Executive for all of such compensation and benefits.

21. Injunctive Relief. The Executive acknowledges that his violation of the provisions and restrictions contained in Paragraphs 11, 18, and 19 could cause significant injury to the Companies for which the Companies would have no adequate remedy at law. Accordingly, the Executive agrees that the Companies will be entitled, in addition to any other rights and remedies that then may be available to the Companies, to seek and obtain injunctive relief to prevent any breach or potential breach of any of the provisions and restrictions contained in Paragraph 11, 18, or 19.

22. Dispute Resolution. Subject to the provisions of Paragraph 21, any claim by the Executive or the Companies arising from or in connection with this agreement, whether based on contract, tort, common law, equity, statute, regulation, order, or otherwise (a "Dispute"), shall be resolved as follows:

(a) Such Dispute shall be submitted to mandatory and binding arbitration at the election of either the Executive or the particular Company involved (the "Disputing Party"). Except as otherwise provided in this Paragraph 22, the arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA").

(b) To initiate the arbitration, the Disputing Party shall notify the other party in writing within 30 days after the occurrence of the event or events which give rise to the Dispute (the "Arbitration Demand"), which notice shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of any claim, (iii) specify the requested relief, and (iv) name an arbitrator who (A) has been licensed to practice law in the U.S. for at least ten years, (B) has no past or present relationship with either the Executive or the Companies, and (C) is experienced in representing clients in connection with employment related disputes (the "Basic Qualifications"). Within fifteen (15) days after the other party's receipt of the Arbitration Demand, such other party shall serve on the Disputing Party a written statement (i) answering the claims set forth in the Arbitration Demand and including any affirmative defenses of such party, (ii) asserting any counterclaim, which statement shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim, and (C) specify the requested relief, and (iii) naming a second arbitrator satisfying the Basic Qualifications. Promptly, but in any event within five (5) days thereafter, the two arbitrators so named shall select a third neutral arbitrator

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

from a list provided by the AAA of potential arbitrators who satisfy the Basic Qualifications and who have no past or present relationship with the parties' counsel, except as otherwise disclosed in writing to and approved by the parties. The arbitration will be heard by a panel of the three arbitrators so chosen (the "Arbitration Panel"), with the third arbitrator so chosen serving as the chairperson of the Arbitration Panel. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(c) The arbitration hearing shall be held in Denver, Colorado. The Arbitration Panel is specifically authorized to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. The Arbitration Panel will have no power or authority, under the Commercial Arbitration Rules of the AAA or otherwise, to relieve the parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this agreement, including, without limitation, the provisions of this Paragraph 22.

(d) If an arbitrator refuses or is unable to proceed with arbitration proceedings as called for by this Paragraph 22, such arbitrator shall be replaced by the party who selected such arbitrator or, if such arbitrator was selected by the two party-appointed arbitrators, by such two party-appointed arbitrators' selecting a new third arbitrator in accordance with Paragraph 22(b), in either case within five (5) days after such declining or withdrawing arbitrator's giving notice of refusal or inability to proceed. Each such replacement arbitrator shall satisfy the Basic Qualifications. If an arbitrator is replaced pursuant to this Paragraph 22(d) after the arbitration hearing has commenced, then a rehearing shall take place in accordance with the provisions of this Paragraph 22(d) and the Commercial Arbitration Rules of the AAA.

(e) Within ten (10) days after the closing of the arbitration hearing, the Arbitration Panel shall prepare and distribute to the parties a writing setting forth the Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reason for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be confidential information.

(f) The Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

(g) Any award rendered by the Arbitration Panel will be final, conclusive, and binding upon the parties, and any judgment on such award may be entered and enforced in any court of competent jurisdiction.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(h) Each party will bear a pro rata share of all fees, costs, and expenses of the arbitrators; and, notwithstanding any law to the contrary, each party will bear all of the fees, costs, and expenses of his or its own attorneys, experts, and witnesses. However, in connection with any judicial proceeding to compel arbitration pursuant to this agreement or to enforce any award rendered by the Arbitration Panel, the prevailing party in such a proceeding will be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such proceedings, in addition to any other relief to which such party may be entitled.

(i) Nothing contained in the preceding provisions of this Paragraph 22 shall be construed to prevent either party from seeking from a court a temporary restraining order or other injunctive relief pending final resolution of a Dispute pursuant to this Paragraph 22.

23. No Duty to Seek Employment. The Executive shall not be under any duty or obligation to seek or accept other employment following the termination of his employment by the Companies; and, except as expressly provided in subparagraphs (b)(iv), (d)(i), and (d)(v) of Paragraph 10, no amount, payment, or benefit due the Executive under this agreement shall be reduced, suspended, or discontinued if the Executive accepts such other employment.

24. Withholding of Taxes. The Companies may withhold from any amounts payable to the Executive under this agreement all federal, state, and local taxes which are required to be so withheld by any applicable law or governmental regulation or ruling.

25. Validity. The invalidity or unenforceability of any provision or provisions of this agreement shall not affect the validity or enforceability of any other provision of this agreement, which other provision shall remain in full force and effect; nor shall the invalidity or unenforceability of a portion of any provision of this agreement affect the validity or enforceability of the balance of such provision.

26. Counterparts. This document may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

27. Headings. The headings of the paragraphs contained in this document are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this agreement.

28. Applicable Law. This agreement shall be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Colorado.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

29. Section 409A. The parties intend that any amounts payable and benefits provided under this agreement and the exercise of authority or discretion hereunder by the Companies or by the Executive (i) shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or (ii) shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto, in each case so as not to subject the Executive to the payment of additional taxes and interest that may be imposed under Section 409A of the Code. To the extent that any amount payable or benefit provided under this agreement would trigger the additional tax or interest imposed under Section 409A of the Code, this agreement shall be modified to avoid such additional tax or interest and to preserve, to the nearest extent reasonably possible, the intended benefit to the Executive.

IN WITNESS WHEREOF, the Companies and the Executive have executed this Restated Employment Agreement on the day and year first above written.

CSG SYSTEMS INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ Peter E. Kalan
Peter E. Kalan, President and
Chief Executive Officer

CSG SYSTEMS, INC., a Delaware
corporation

By: /s/ Peter E. Kalan
Peter E. Kalan, President and
Chief Executive Officer

/s/ Randy R. Wiese
Randy R. Wiese

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

RESTATED EMPLOYMENT AGREEMENT

This Restated Employment Agreement is made and entered into on the 29th day of May, 2008, among CSG SYSTEMS INTERNATIONAL, INC. ("CSGS"), a Delaware corporation, CSG SYSTEMS, INC. ("Systems"), a Delaware corporation, and PETER E. KALAN (the "Executive"). CSGS and Systems collectively are referred to in this Employment Agreement as the "Companies".

* * *

WHEREAS, the Companies and the Executive entered into an Employment Agreement dated January 18, 2001 (the "Employment Agreement") and thereafter entered into First, Second, Third, and Fourth Amendments to the Employment Agreement; and

WHEREAS, by this Restated Employment Agreement, the Companies and the Executive are restating the Employment Agreement, as amended, so as to reflect all of its current terms in a single document;

NOW, THEREFORE, the Companies and the Executive agree that the current terms of the Employment Agreement between the Companies and the Executive are as follows:

1. Employment and Duties. Each of the Companies hereby employs the Executive as its Chief Executive Officer and President throughout the term of this agreement and agrees to cause the Executive from time to time to be elected or appointed to such corporate offices or positions. The duties and responsibilities of the Executive shall include the duties and responsibilities of the Executive's corporate offices and positions referred to in the preceding sentence which are set forth in the respective bylaws of the Companies from time to time, overall responsibility for the development and implementation of the business plans and strategies of the Companies, and such other duties and authorities consistent with the Executive's corporate offices and positions referred to in the preceding sentence and this agreement which the Board of Directors of CSGS (the "Board") from time to time may assign to the Executive. If the Executive is elected or appointed as a director of CSGS or Systems or as an officer or director of any of the respective subsidiaries of the Companies during the term of this agreement, then he also shall serve in such capacity or capacities but without additional compensation.

2. Term of Employment. The employment of the Executive under this agreement shall begin on the date of this agreement and shall continue until the first to occur of (a) the Executive's death, (b) the effective date of the Executive's voluntary resignation as an employee of the Companies, (c) the effective date of the termination of the Executive's employment by the Companies by reason of the Executive's disability pursuant to Paragraph 10(b) of this agreement, (d) the effective date of the termination of the Executive's employment by the Companies for cause pursuant to Paragraph 10(c) of this agreement, (e) the effective date of the termination of the Executive's employment by the Companies for any reason other than cause or the Executive's death or disability pursuant to Paragraph 10(d) or Paragraph 10(e) of this agreement, or (f) the effective date of the termination of the Executive's employment

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pursuant to Paragraph 10(f) of this agreement. Upon the termination of the employment of the Executive under this agreement, the applicable provisions of Paragraph 10 of this agreement shall become effective; and the Companies and the Executive thereupon and thereafter shall comply with the applicable provisions of Paragraph 10 of this agreement.

3. Place of Employment. Regardless of the location of the executive offices of the Companies during the term of this agreement, the Companies shall maintain a suitably staffed office for the Executive in the Denver, Colorado, metropolitan area during the term of this agreement; and the Executive will not be required without his consent to relocate or transfer his executive office or principal residence from the immediate vicinity of the Denver, Colorado, metropolitan area.

4. Base Salary. For all services to be rendered by the Executive pursuant to this Agreement, the Companies agree to pay the Executive during the term of this agreement a base salary (the “Base Salary”) for each calendar year at an annual rate which is not less than the annual rate of the Executive’s Base Salary in effect on December 31 of the immediately preceding calendar year. The Executive’s annual incentive bonus provided for in Paragraph 5 and all other compensation and benefits to which the executive is or may become entitled pursuant to this agreement or under any plans or programs of the Companies shall be in addition to the Base Salary.

5. Annual Incentive Bonus. As soon as practicable after the execution of this agreement, the Board shall establish an incentive bonus program for the Executive for 2001. Such incentive bonus program shall be reflected either in a written supplement to this agreement signed by the Companies and the Executive or in such other form as the Companies and the Executive may agree upon. The same procedure shall be followed for subsequent calendar years during the term of this agreement, so that an annual incentive bonus program for the Executive will be in effect throughout the term of this agreement. The Executive and the Companies understand and acknowledge that, among other things, such incentive bonus program will involve achievement by the Companies of various financial objectives, which may include but are not limited to revenues and earnings, and also may include achievement by the Companies or the Executive of various non-financial objectives. Such incentive bonus program for each calendar year shall provide the opportunity for the Executive to earn an incentive bonus of not less than fifty percent (50%) of his Base Salary for such calendar year if the agreed upon objectives are fully achieved. The Board from time to time also may establish incentive compensation programs for the Executive covering periods of more than one (1) year, and any such programs shall be in addition to the annual incentive bonus program required by this Paragraph 5.

6. Expenses. During the term of this agreement, the Executive shall be entitled to prompt reimbursement by the Companies of all reasonable ordinary and necessary travel, entertainment, and other expenses incurred by the Executive (in accordance with the policies and procedures established by the Companies for their respective senior executive officers) in the performance of his duties and responsibilities under this agreement; provided, that the Executive shall properly account for such expenses in accordance with the policies and procedures of the Companies, which may include but are not limited to itemized accountings.

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7. Other Benefits. During the term of this agreement, the Companies shall provide to the Executive and his eligible dependents at the expense of the Companies individual or group medical, hospital, dental, and long-term disability insurance coverages and group life insurance coverage, in each case at least as favorable as those coverages which are provided to other vice presidents of the Companies. During the term of this agreement, the Executive also shall be entitled to participate in such other benefit plans or programs which the Companies from time to time may make available to their employees generally (except such programs, such as the 1996 Employee Stock Purchase Plan of CSGS, in which executive officers of CSGS are not eligible to participate because of securities law reasons).

8. Vacations and Holidays. During the term of this agreement, the Executive shall be entitled to paid vacations and holidays in accordance with the policies of the Companies in effect from time to time for their respective senior executive officers, but in no event shall the Executive be entitled to less than four (4) weeks of vacation during each calendar year.

9. Full-Time Efforts and Other Activities. During the term of this agreement, to the best of his ability and using all of his skills, the Executive shall devote substantially all of his working time and efforts during the normal business hours of the Companies to the business and affairs of the Companies and to the diligent and faithful performance of the duties and responsibilities assigned to him pursuant to this agreement, except for vacations, holidays, and sick days. However, the Executive may devote a reasonable amount of his time to civic, community, or charitable activities, to service on the governing bodies or committees of trade associations or similar organizations of which either or both of the Companies are members, and, with the prior approval of the Board or the Chief Executive Officer of CSGS, to service as a director of other corporations and to other types of activities not expressly mentioned in this paragraph, so long as the activities referred to in this sentence do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement. The Executive also shall be free to manage and invest his assets in such manner as will not require any substantial services by the Executive in the conduct of the businesses or affairs of the entities or in the management of the properties in which such investments are made, so long as such activities do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement.

10. Termination of Employment.

(a) Termination Because of Death. The Executive's employment by the Companies under this agreement shall terminate upon his death. If the Executive's employment under this agreement terminates because of his death, then the Executive's estate or his beneficiaries (as the case may be) shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the date of the Executive's death;

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which his death occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the date of the Executive's death as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid had the Executive's death not occurred;

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(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the date of the Executive's death; and

(iv) Any other benefits payable by reason of the Executive's death, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the date of the Executive's death.

(b) Termination Because of Disability. If the Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing his duties and responsibilities under this agreement for a continuous period of six (6) months or more or for more than one hundred eighty (180) days in the aggregate (whether or not consecutive) during any 12-month period, then at any time after the elapse of such six-month period or such 180 days, as the case may be, the Board may terminate the Executive's employment by the Companies under this agreement. If the Executive's employment under this agreement is terminated by the Board because of such disability on the part of the Executive, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the effective date of such termination as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred;

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(iv) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless

such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the cessation of such disability, the Executive's death, the Executive's attainment of age sixty-five (65), or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(v) Any other benefits payable by reason of the Executive's disability, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

For purposes of this subparagraph (b), decisions with respect to the Executive's disability shall be made by the Board, using its reasonable good faith judgment; and, in making any such decision, the Board shall be entitled to rely upon the opinion of a duly licensed and qualified physician selected by a majority of the members of the Board who are not employees of either of the Companies or any of their respective subsidiaries.

(c) Termination for Cause. The Board may terminate the Executive's employment by the Companies under this agreement for cause; however, for purposes of this agreement "cause" shall mean only (i) the Executive's confession or conviction of theft, fraud, embezzlement, or other crime involving dishonesty, (ii) the Executive's excessive absenteeism (other than by reason of physical injury, disease, or mental illness) without a reasonable justification, (iii) material violation by the Executive of the provisions of Paragraph 11, (iv) habitual and material negligence by the Executive in the performance of his duties and responsibilities under or pursuant to this agreement and failure on the part of the Executive to cure such negligence within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such negligence, (v) material non-compliance by the Executive with his obligations under Paragraph 9 and failure to correct such non-compliance within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (vi) material failure by the Executive to comply with a lawful directive of the Board or the Chief Executive Officer of CSGS and failure to cure such non-compliance within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (vii) a material breach by the Executive of any of his fiduciary duties to the Companies and, if such breach is curable, the Executive's failure to cure such breach within ten (10) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such breach, or (viii) willful misconduct or fraud on the part of the Executive in the performance of his duties under this agreement. In no event shall the

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results of operations of the Companies or any business judgment made in good faith by the Executive constitute an independent basis for termination for cause of the Executive's employment under this agreement. Any termination of the Executive's employment for cause must be authorized by a majority vote of the Board taken not later than nine (9) months after a majority of the members of the Board (other than the Executive) have actual knowledge of the occurrence of the event or conduct constituting the cause for such termination. If the Executive's employment under this agreement is terminated by the Board for cause, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination; and

(iii) Any other benefits payable to the Executive upon his termination for cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(d) Termination Without Cause Prior to a Change of Control. If, prior to the occurrence of a Change of Control, the Companies terminate the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through that date which is two (2) years after the effective date of such termination (the "Ending Date"), to be paid at the same times that the Base Salary would have been paid if such termination had not occurred; provided, that if the Executive commences employment with another employer, whether as an employee or as a consultant, prior to the Ending Date (for purposes of this Paragraph 10, the "Other Employment"), then such payments of the Base Salary shall be reduced from time to time by the aggregate amount of salary, cash bonus, and consulting fees received or receivable by the Executive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date;

(ii) The Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred and to be no less than the Executive's annual incentive bonus for the calendar year immediately preceding the calendar year in which such termination occurs;

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(iii) An amount equal to fifty percent (50%) of the Base Salary in effect on the effective date of such termination, such amount to be paid, without interest, one year after the effective date of such termination.

(iv) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(v) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the Ending Date or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(vi) Any other benefits payable to the Executive upon his termination without cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(e) Termination Without Cause After a Change of Control. If, after the occurrence of a Change of Control, the Companies or any Permitted Assignee terminates the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive from the Companies and the Permitted Assignee, if any (all of whom shall be jointly and severally liable therefor), all of the compensation, benefits, and other payments from the Companies which are described and provided for in subparagraph (d) of this Paragraph 10 (as modified by this subparagraph (e)); provided, however, that (i) the aggregate Base Salary payable under subparagraph (d)(i) for all periods through the Ending Date shall be paid to the Executive in a lump sum without regard to Other Employment not later than thirty (30) days after the effective date of such termination, (ii)

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the minimum annual incentive bonus payable under subparagraph (d)(ii) shall be paid to the Executive not later than thirty (30) days after the effective date of such termination (with any balance of such annual incentive bonus being payable as provided in such subparagraph (d)(ii)), and (iii) the amount payable under subparagraph (d)(iii) (as modified by this subparagraph (e)) shall be one hundred percent (100%) of the Base Salary in effect on the effective date of such termination and shall be paid to the Executive in a lump sum not later than thirty (30) days after the effective date of such termination.

(f) Constructive Termination. If at any time during the term of this agreement the Board, the Chief Executive Officer of CSGS, or a Permitted Assignee materially alters the duties and responsibilities of the Executive provided for in Paragraph 1 or assigns to the Executive duties and responsibilities materially inappropriate to the chief financial officer of the Companies without the Executive's written consent, then, at the election of the Executive (such election to be made by written notice from the Executive to the Board or the Permitted Assignee, as may be appropriate in the circumstances), (i) such action by the Board, the Chief Executive Officer of CSGS, or such Permitted Assignee shall constitute a constructive termination of the Executive's employment by the Companies for a reason other than cause (the "Constructive Termination"), (ii) the Executive thereupon may resign from his offices and positions with the Companies and shall not be obligated to perform any further services of any kind to or for the Companies, and (iii) the Executive shall be entitled to receive from the Companies (and the Permitted Assignee, if applicable) at the applicable times all of the compensation, benefits, and other payments described in subparagraph (d) or subparagraph (e) of this Paragraph 10 (whichever may be applicable), as if the effective date of the Executive's resignation were the effective date of his termination of employment for purposes of determining such compensation, benefits, and other payments. Notwithstanding the foregoing provisions of this subparagraph (f), before exercising any of his rights pursuant to the preceding sentence, the Executive shall give written notice to the Chief Executive Officer of CSGS setting forth the Executive's intent to exercise such rights and specifying the Constructive Termination which the Executive claims to be the basis for such intended exercise; and the Companies shall have twenty (20) days after the Chief Executive Officer has received such notice to take such actions, if any, as the Companies may deem appropriate to eliminate such claimed Constructive Termination (without thereby admitting that a Constructive Termination had occurred). If the Companies so act to eliminate such claimed Constructive Termination, then the Executive shall not have any rights under this subparagraph (f) with respect to such claimed Constructive Termination.

(g) Voluntary Resignation. If the Executive voluntarily resigns as an employee of the Companies and thereby voluntarily terminates his employment under this agreement and if none of subparagraphs (a) through (f) of this Paragraph 10 is applicable to such termination, then the Executive shall be entitled to receive only the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through the effective date of such voluntary resignation;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such voluntary resignation;

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(iii) If (and only if) the Executive's voluntary resignation is effective on December 31 of a particular calendar year, the Executive's annual incentive bonus (if any) for such calendar year, to be paid in accordance with the regular schedule for its payment; and

(iv) Any other benefits payable to the Executive upon his voluntary resignation, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such voluntary resignation.

The Executive understands and agrees that if this subparagraph (g) is applicable to the termination of the Executive's employment with the Companies, then, unless his voluntary resignation is effective on December 31 of a particular calendar year, the Executive will not be entitled to any annual incentive bonus for the calendar year in which his voluntary resignation becomes effective.

(h) Liquidated Damages. The Executive agrees to accept the compensation, benefits, and other payments provided for in subparagraph (d), subparagraph (e), or subparagraph (f) of this Paragraph 10, as the case may be, as full and complete liquidated damages for any breach of this agreement resulting from the actual or constructive termination of the Executive's employment under this agreement for a reason other than cause or the Executive's death or disability; and the Executive shall not have and hereby waives and relinquishes any other rights or claims in respect of such breach.

(i) Notice of Other Employment and of Benefits. The Executive promptly shall notify the Companies in writing of (i) his acceptance of the Other Employment referred to in subparagraph (d) of this Paragraph 10, (ii) the effective date of such Other Employment, and (iii) the amount of salary, cash bonus, and consulting fees which the Executive receives or is entitled to receive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date. Whenever relevant for purposes of this Paragraph 10, the Executive also promptly shall notify the Companies of his receipt from another employer of any benefits of the types referred to in subparagraphs (b)(iv) and (d)(v) of this Paragraph 10. Such information shall be updated by the Executive whenever necessary to keep the Companies informed on a current basis.

(j) Modification of Benefit Plans or Programs. Nothing contained in this Paragraph 10 shall obligate the Companies to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan or program referred to in subparagraph (b)(iv) or (d)(v) of this Paragraph 10 so long as such actions are similarly applicable to senior executives of the Companies generally.

(k) Rights of Estate. If the Executive dies prior to his receipt of all of the cash payments to which he may be entitled pursuant to subparagraph (b), (c), (d), (e), (f), or (g) of this Paragraph 10 if any such subparagraph becomes applicable, then the unpaid portion of such cash payments shall be paid by the Companies to the personal representative of the Executive's estate at the same time or times that the payments would have been made to the Executive if he still were living.

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(l) Excess Parachute Payments. If any of the payments required to be made to the Executive pursuant to subparagraph (d), (e), or (f) of this Paragraph 10 constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and any regulations thereunder, and the Executive becomes liable for any excise tax on such "excess parachute payments" and any interest or penalties thereon (such excise tax, interest, and penalties, collectively, the "Tax Penalties"), then the Companies (and the Permitted Assignee, if applicable) promptly shall make a cash payment (the "Additional Payment") to the Executive in an amount equal to the Tax Penalties. The Companies also promptly shall make an additional cash payment to the Executive in an amount rounded to the nearest $100.00 which is equal to any additional income, excise, and other taxes (using the individual tax rates applicable to the Executive for the year for which such Tax Penalties are owed) for which the Executive will be liable as a result of the Executive's receipt of the Additional Payment (the additional cash payment provided for in this sentence being referred to as a "Gross-Up Payment"). In addition, the Executive shall be entitled to promptly receive from the Companies (and the Permitted Assignee, if applicable) a further Gross-Up Payment in respect of each prior Gross-Up Payment until the amount of the last Gross-Up Payment is less than $100.00.

(m) Section 409A; Time and Form of Payments and Benefits. The parties intend that each payment and benefit provided to the Executive upon his termination of employment pursuant to Paragraph 10 hereof shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or shall comply with the requirements of Section 409A of the Code. The purpose of this subparagraph (m) is solely to amend this agreement to comply with, or be eligible for one or more exceptions from, the requirements of Section 409A of the Code.

(i) Time and Form of Payment. Each of the following amounts payable to the Executive under this agreement shall constitute a separate payment for purposes of Section 409A of the Code:

(1) Each pay period installment of Base Salary payable to the Executive pursuant to subparagraphs 10(d)(i) or 10(f)(iii) (each such installment, a "Salary Continuation Payment").

- Each Salary Continuation Payment shall be paid in accordance with the payroll payment schedule of the Companies in effect on the effective date of the Executive's termination of employment with the Companies.

(2) Any annual incentive bonus payable to the Executive pursuant to subparagraphs 10(d)(ii), 10(f)(iii) or 10(g)(iii) and the amount payable, if any, in excess of the minimum annual incentive bonus payable pursuant to subparagraph 10(e)(ii) ("Full Termination Year Bonus").

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- Any Full Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(3) Any pro rata portion of the Executive's annual incentive bonus for the calendar year of the Executive's termination of employment pursuant to subparagraphs 10(a)(ii) or 10(b)(ii) ("Pro-Rated Termination Year Bonus").

- Any Pro-Rated Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(4) Any Base Salary amount payable pursuant to subparagraphs 10(e)(i) or 10(f)(iii) ("Lump Sum Salary").

- Any Lump Sum Salary shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(5) Any minimum annual incentive bonus for the calendar year in which the Executive terminates employment pursuant to subparagraphs 10(e)(ii) or 10(f)(iii) ("Lump Sum Bonus").

- Any Lump Sum Bonus shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(6) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(d)(iii) or 10(f)(iii) ("Percentage Base Amount").

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- Any Percentage Base Amount shall be paid on the date that is one year after the effective date of the Executive's termination of employment with the Companies.

(7) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(e)(iii) or 10(f)(iii) ("Lump Sum Percentage Base Amount").

- Any Lump Sum Percentage Base Amount shall be paid not later than 30 days after the effective date of the Executive's termination of employment with the Companies.

(8) Any amounts payable to the Executive pursuant to subparagraph 10(l) as an "Additional Payment" and any "Gross-Up Payment" (the "Preliminary Gross-Up Payment").

- Any Preliminary Gross-Up Payment shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(9) Any amounts payable to the Executive pursuant to subparagraph 10(l) as a "further Gross-Up Payment" (the "Adjustment Gross-Up Payment").

- Any Adjustment Gross-Up Payment shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs.

(ii) Continuation of Benefits. Subparagraphs 10(b)(iv), 10(d)(v), 10(e), and 10(f) provide for continued participation by the Executive in designated health and welfare benefit programs of the Companies for a specified period. The parties intend that any in-kind benefits or reimbursement of expenses incurred by the Executive with respect to the continuation of benefits satisfy the requirements for a fixed schedule of payments with respect to such benefits or payments as required by Treas. Reg. § 1.409A-3(i)(1)(iv). To the extent such continued participation by the Executive involves any payment for continued coverage by the Executive and reimbursement to the Executive, the

amount of any such reimbursement shall be paid to the Executive (or his beneficiary) by December 31 of the calendar year following the year in which the Executive pays the actual cost of continued coverage. The amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Further, the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Six-Month Delay in Payment. Notwithstanding anything contained in this Employment Agreement to the contrary, if the Executive is deemed by the Companies at the time of the Executive's "separation from service" with the Companies to be a "specified employee," any compensation or benefits to which the Executive becomes entitled under this Employment Agreement in connection with such separation shall not be paid or commence until the date which is the first business day following the six month period after the Executive's separation from service (or if earlier, the Executive's death). Such delay in payment shall only be effected with respect to each separate payment or benefit to the extent required to avoid adverse tax treatment to the Executive, including (without limitation) the additional 20% tax for which the Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such delay in payment. Upon the expiration of the delay period, any compensation or benefits which would have otherwise been paid during the delay period (whether in a single sum or in installments) in the absence of this subparagraph shall be paid to the Executive or his beneficiary in a single sum payment.

(iv) Key Definitions. For purposes of Paragraph 10 of this Employment Agreement, the terms "separation from service" and "specified employee," and, solely with respect to subparagraph 10(b)(iv), the term "disability," shall have the meanings ascribed to such terms pursuant to Section 409A of the Code and the related treasury regulations and other applicable guidance.

11. Nondisclosure. During the term of this agreement and thereafter, the Executive shall not, without the prior written consent of the Board or a person (other than the Executive) so authorized by the Board, disclose or use for any purpose (except in the course of his employment under this agreement and in furtherance of the business of the Companies or any of their respective subsidiaries) any confidential information, trade secrets, or proprietary data of the Companies or any of their respective subsidiaries (collectively, for

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purposes of this agreement, "Confidential Information"); provided, however, that Confidential Information shall not include any information then known generally to the public or ascertainable from public or published information (other than as a result of unauthorized disclosure by the Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Companies or their respective subsidiaries, as the case may be.

12. Successors and Assigns. This agreement and all rights under this agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees, successors, and assigns. This agreement is personal in nature, and none of the parties to this agreement shall, without the written consent of the others, assign or transfer this agreement or any right or obligation under this agreement to any other person or entity, except as permitted by Paragraph 14.

13. Notices. For purposes of this agreement, notices and other communications provided for in this agreement shall be deemed to be properly given if delivered personally or sent either by next-business-day prepaid express delivery by a recognized national express delivery service or by United States certified mail, return receipt requested, postage prepaid, in either case addressed as follows:

If to the Executive:

Peter E. Kalan
c/o CSG Systems, Inc.
9555 Maroon Circle
Englewood, Colorado 80112

If to the Companies:

CSG Systems International, Inc.
and CSG Systems, Inc.
9555 Maroon Circle
Englewood, Colorado 80112
Attn: General Counsel

or to such other address as either party may have furnished to the other party in writing in accordance with this paragraph. Such notices or other communications shall be effective only upon receipt.

14. Merger, Consolidation, Sale of Assets. In the event of (a) a merger of Systems with another corporation (other than CSGS) in a transaction in which Systems is not the surviving corporation, (b) the consolidation of Systems into a new corporation resulting from such consolidation, (c) the sale or other disposition of all or substantially all of the assets of Systems, the Companies may assign this agreement and all of the rights and obligations of the Companies under this agreement to the surviving, resulting, or acquiring entity (for purposes of this agreement, a "Permitted Assignee"); provided, that such surviving, resulting, or acquiring entity shall in writing assume and agree to perform all of the obligations of the Companies under this agreement; and provided further, that the Companies shall remain jointly and severally liable for the performance of the obligations of the Companies under this agreement in the event of a failure of the Permitted Assignee to perform its obligations under this agreement.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

15. Change of Control. For purposes of this agreement, a "Change of Control" shall be deemed to have occurred upon the happening of any of the following events:

(a) CSGS is merged or consolidated into another corporation, and immediately after such merger or consolidation becomes effective the holders of a majority of the outstanding shares of voting capital stock of CSGS 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 of the surviving or resulting corporation in such merger or consolidation;

(b) 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 CSGS;

(c) the Common Stock of CSGS 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 CSGS);

(d) CSGS 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 CSGS);

(e) in one or more substantially concurrent transactions or in a series of related transactions, CSGS 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 CSGS 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 CSGS for the Sold Business is equal to at least fifty percent (50%) of the market value of the outstanding Common Stock of CSGS determined by multiplying the average of the closing prices for the Common Stock of CSGS 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 CSGS during such four (4) calendar quarters; or

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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

16. <u>Miscellaneous</u>. No provision of this agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and is signed by the Executive and an officer of CSGS (other than the Executive) so authorized by the Board. No waiver by any party to this agreement at any time of any breach by any other party of, or compliance by any other party with, any condition or provision of this agreement to be performed by such other party shall be deemed to be a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this agreement have been made by any party that are not expressly set forth in this agreement.

17. <u>Representations of Companies</u>. The Companies severally represent and warrant to the Executive that they have full legal power and authority to enter into this agreement, that the execution and delivery of this agreement by the Companies have been duly authorized by their respective boards of directors, and that the performance of their respective obligations under this agreement will not violate any agreement between the Companies, or either of them, and any other person, firm, or organization.

18. <u>Non-Solicitation of Employees</u>. For a period of one (1) year after the effective date of the termination of the Executive's employment under this agreement for any reason, whether voluntarily or involuntarily and with or without cause, without the prior written consent of CSGS the Executive agrees (i) not to directly or indirectly employ, solicit for employment, assist any other person in employing or soliciting for employment, or advise or recommend to any other person that such other person employ or solicit for employment any person who then is an employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies and (ii) not to recommend to any then employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies that such employee leave the employ of such employer.

19. <u>Post-Termination Noncompetition</u>. Because the Confidential Information known to or developed by the Executive during his employment by the Companies encompasses at the highest level information concerning the plans, strategies, products, operations, and existing and prospective customers of the Companies and could not practically be disregarded by the Executive, the Executive acknowledges that his provision of executive services to a competitor of the Companies or either of them soon after the termination of the Executive's employment by the Companies would inevitably result in the use of the Confidential Information by the Executive in his performance of such executive services, even if the Executive were to use his best efforts to avoid such use of the Confidential Information. To prevent such use of the Confidential Information and the resulting unfair competition and wrongful appropriation of the goodwill and other valuable proprietary interests of the Companies, the Executive agrees that for a period of one (1) year after the termination of his employment by the Companies for any reason, whether voluntarily or involuntarily and with or without cause, the Executive will not, directly or indirectly:

(a) engage, whether as an employee, agent, consultant, independent contractor, owner, partner, member, or otherwise, in a business activity which then competes in a material way with a business activity then being actively engaged in by the Companies or either of them;

(b) solicit or recommend to any other person that such period solicit any then customer of the Companies or either or them, which customer also was a customer of the Companies or either of them at any time during the one (1) year period prior to the termination of the Executive's employment by the Companies, for the purpose of obtaining the business of such customer in competition with the Companies or either of them; or

(c) induce or attempt to induce any then customer or prospective customer of the Companies or either of them to terminate or not commence a business relationship with the Companies or either of them.

The Companies and the Executive acknowledge and agree that the restrictions contained in this Paragraph 19 are both reasonable and necessary in view of the Executive's positions with the Companies and that the Executive's compensation and benefits under this agreement are sufficient consideration for the Executive's acceptance of such restrictions. Nevertheless, if any of the restrictions contained in this Paragraph 19 are found by a court having jurisdiction to be unreasonable, or excessively broad as to geographic area or time, or otherwise unenforceable, then the parties intend that the restrictions contained in this Paragraph 19 be modified by such court so as to be reasonable and enforceable and, as so modified by the court, be fully enforced. Nothing contained in this paragraph shall be construed to preclude the investment by the Executive of any of his assets in any publicly owned entity so long as the Executive has no direct or indirect involvement in the business of such entity and owns less than 2% of the voting equity securities of such entity. Nothing contained in this paragraph shall be construed to preclude the Executive from becoming employed by or serving as a consultant to or having dealings with a publicly owned entity one of whose businesses is a competitor of the Companies or either of them so long as such employment, consultation, or dealings do not directly or indirectly involve or relate to the business of such entity which is a competitor of the Companies or either of them.

20. Joint and Several Obligations. All of the obligations of the Companies under this agreement are joint and several; and neither the bankruptcy, insolvency, dissolution, merger, consolidation, or reorganization nor the cessation of business or corporate existence of one of the Companies shall affect, impair, or diminish the obligations under this agreement of the other of the Companies. The compensation and benefits to which the Executive is entitled under this agreement are aggregate compensation and benefits, and the payment of such compensation or the provision of such benefits by one of the Companies shall to the extent of such payment or provision satisfy the obligations of the other of the Companies. The Companies may agree between themselves as to which of them will be responsible for some or all of the Executive's compensation and benefits under this agreement, but any such agreement between the Companies shall not diminish to any extent the joint and several liability of the Companies to the Executive for all of such compensation and benefits.

21. Injunctive Relief. The Executive acknowledges that his violation of the provisions and restrictions contained in Paragraphs 11, 18, and 19 could cause significant injury to the Companies for which the Companies would have no adequate remedy at law. Accordingly, the Executive agrees that the Companies will be entitled, in addition to any other rights and remedies that then may be available to the Companies, to seek and obtain injunctive relief to prevent any breach or potential breach of any of the provisions and restrictions contained in Paragraph 11, 18, or 19.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

22. Dispute Resolution. Subject to the provisions of Paragraph 21, any claim by the Executive or the Companies arising from or in connection with this agreement, whether based on contract, tort, common law, equity, statute, regulation, order, or otherwise (a "Dispute"), shall be resolved as follows:

(a) Such Dispute shall be submitted to mandatory and binding arbitration at the election of either the Executive or the particular Company involved (the "Disputing Party"). Except as otherwise provided in this Paragraph 22, the arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA").

(b) To initiate the arbitration, the Disputing Party shall notify the other party in writing within 30 days after the occurrence of the event or events which give rise to the Dispute (the "Arbitration Demand"), which notice shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of any claim, (iii) specify the requested relief, and (iv) name an arbitrator who (A) has been licensed to practice law in the U.S. for at least ten years, (B) has no past or present relationship with either the Executive or the Companies, and (C) is experienced in representing clients in connection with employment related disputes (the "Basic Qualifications"). Within fifteen (15) days after the other party's receipt of the Arbitration Demand, such other party shall serve on the Disputing Party a written statement (i) answering the claims set forth in the Arbitration Demand and including any affirmative defenses of such party, (ii) asserting any counterclaim, which statement shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim, and (C) specify the requested relief, and (iii) naming a second arbitrator satisfying the Basic Qualifications. Promptly, but in any event within five (5) days thereafter, the two arbitrators so named shall select a third neutral arbitrator from a list provided by the AAA of potential arbitrators who satisfy the Basic Qualifications and who have no past or present relationship with the parties' counsel, except as otherwise disclosed in writing to and approved by the parties. The arbitration will be heard by a panel of the three arbitrators so chosen (the "Arbitration Panel"), with the third arbitrator so chosen serving as the chairperson of the Arbitration Panel. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(c) The arbitration hearing shall be held in Denver, Colorado. The Arbitration Panel is specifically authorized to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. The Arbitration Panel will have no power or authority, under the Commercial Arbitration Rules of the AAA or otherwise, to relieve the parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this agreement, including, without limitation, the provisions of this Paragraph 22.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(d) If an arbitrator refuses or is unable to proceed with arbitration proceedings as called for by this Paragraph 22, such arbitrator shall be replaced by the party who selected such arbitrator or, if such arbitrator was selected by the two party-appointed arbitrators, by such two party-appointed arbitrators' selecting a new third arbitrator in accordance with Paragraph 22(b), in either case within five (5) days after such declining or withdrawing arbitrator's giving notice of refusal or inability to proceed. Each such replacement arbitrator shall satisfy the Basic Qualifications. If an arbitrator is replaced pursuant to this Paragraph 22(d) after the arbitration hearing has commenced, then a rehearing shall take place in accordance with the provisions of this Paragraph 22(d) and the Commercial Arbitration Rules of the AAA.

(e) Within ten (10) days after the closing of the arbitration hearing, the Arbitration Panel shall prepare and distribute to the parties a writing setting forth the Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reason for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be confidential information.

(f) The Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

(g) Any award rendered by the Arbitration Panel will be final, conclusive, and binding upon the parties, and any judgment on such award may be entered and enforced in any court of competent jurisdiction.

(h) Each party will bear a pro rata share of all fees, costs, and expenses of the arbitrators; and, notwithstanding any law to the contrary, each party will bear all of the fees, costs, and expenses of his or its own attorneys, experts, and witnesses. However, in connection with any judicial proceeding to compel arbitration pursuant to this agreement or to enforce any award rendered by the Arbitration Panel, the prevailing party in such a proceeding will be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such proceedings, in addition to any other relief to which such party may be entitled.

(i) Nothing contained in the preceding provisions of this Paragraph 22 shall be construed to prevent either party from seeking from a court a temporary restraining order or other injunctive relief pending final resolution of a Dispute pursuant to this Paragraph 22.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

23. No Duty to Seek Employment. The Executive shall not be under any duty or obligation to seek or accept other employment following the termination of his employment by the Companies; and, except as expressly provided in subparagraphs (b)(iv), (d)(i), and (d)(v) of Paragraph 10, no amount, payment, or benefit due the Executive under this agreement shall be reduced, suspended, or discontinued if the Executive accepts such other employment.

24. Withholding of Taxes. The Companies may withhold from any amounts payable to the Executive under this agreement all federal, state, and local taxes which are required to be so withheld by any applicable law or governmental regulation or ruling.

25. Validity. The invalidity or unenforceability of any provision or provisions of this agreement shall not affect the validity or enforceability of any other provision of this agreement, which other provision shall remain in full force and effect; nor shall the invalidity or unenforceability of a portion of any provision of this agreement affect the validity or enforceability of the balance of such provision.

26. Counterparts. This document may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

27. Headings. The headings of the paragraphs contained in this document are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this agreement.

28. Applicable Law. This agreement shall be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Colorado.

29. Section 409A. The parties intend that any amounts payable and benefits provided under this agreement and the exercise of authority or discretion hereunder by the Companies or by the Executive (i) shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or (ii) shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto, in each case so as not to subject the Executive to the payment of additional taxes and interest that may be imposed under Section 409A of the Code. To the extent that any amount payable or benefit provided under this agreement would trigger the additional tax or interest imposed under Section 409A of the Code, this agreement shall be modified to avoid such additional tax or interest and to preserve, to the nearest extent reasonably possible, the intended benefit to the Executive.

[Signatures are on the following page.]

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

IN WITNESS WHEREOF, the Companies and the Executive have executed this Restated Employment Agreement on the day and year first above written.

CSG SYSTEMS INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ Joseph T. Ruble
Joseph T. Ruble, Executive Vice
President and General Counsel

CSG SYSTEMS, INC.,
a Delaware corporation

By: /s/ Joseph T. Ruble
Joseph T. Ruble, Executive Vice
President and General Counsel

/s/ Peter E. Kalan
Peter E. Kalan

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

RESTATED EMPLOYMENT AGREEMENT

This Restated Employment Agreement is made and entered into on the 29th day of May, 2008, among CSG SYSTEMS INTERNATIONAL, INC. (“CSGS”), a Delaware corporation, CSG SYSTEMS, INC. (“Systems”), a Delaware corporation, and JOSEPH T. RUBLE (the “Executive”). CSGS and Systems collectively are referred to in this Employment Agreement as the “Companies”.

* * *

WHEREAS, the Companies and the Executive entered into an Employment Agreement dated January 18, 2001 (the “Employment Agreement”) and thereafter entered into First, Second, and Third Amendments to the Employment Agreement; and

WHEREAS, by this Restated Employment Agreement, the Companies and the Executive are restating the Employment Agreement, as amended, so as to reflect all of its current terms in a single document;

NOW, THEREFORE, the Companies and the Executive agree that the current terms of the Employment Agreement between the Companies and the Executive are as follows:

1. Employment and Duties. Each of the Companies hereby employs the Executive as an Executive Vice President, its Chief Administrative Officer, and its General Counsel throughout the term of this agreement and agrees to cause the Executive from time to time to be elected or appointed to such corporate offices or positions. The duties and responsibilities of the Executive shall include the duties and responsibilities of the Executive’s corporate offices and positions referred to in the preceding sentence which are set forth in the respective bylaws of the Companies from time to time, general supervision of the legal affairs of the Companies, and such other duties and authorities consistent with the Executive’s corporate offices and positions referred to in the preceding sentence and this agreement which the Board of Directors of CSGS (the “Board”) or the Chief Executive Officer of CSGS from time to time may assign to the Executive. If the Executive is elected or appointed as a director of CSGS or Systems, as the Secretary of the Companies, or as an officer or director of any of the respective subsidiaries of the Companies during the term of this agreement, then he also shall serve in such capacity or capacities but without additional compensation.

2. Term of Employment. The employment of the Executive under this agreement shall begin on the date of this agreement and shall continue until the first to occur of (a) the Executive’s death, (b) the effective date of the Executive’s voluntary resignation as an employee of the Companies, (c) the effective date of the termination of the Executive’s employment by the Companies by reason of the Executive’s disability pursuant to Paragraph 10(b) of this agreement, (d) the effective date of the termination of the Executive’s employment by the Companies for cause pursuant to Paragraph 10(c) of this agreement, (e) the effective date of the termination of the Executive’s employment by the Companies for any reason other than cause or the Executive’s death or disability pursuant to Paragraph 10(d) or Paragraph 10(e) of this agreement, or (f) the effective date of the termination of the Executive’s employment

pursuant to Paragraph 10(f) of this agreement. Upon the termination of the employment of the Executive under this agreement, the applicable provisions of Paragraph 10 of this agreement shall become effective; and the Companies and the Executive thereupon and thereafter shall comply with the applicable provisions of Paragraph 10 of this agreement.

3. Place of Employment. Regardless of the location of the executive offices of the Companies during the term of this agreement, the Companies shall maintain a suitably staffed office for the Executive in the Denver, Colorado, metropolitan area during the term of this agreement; and the Executive will not be required without his consent to relocate or transfer his executive office or principal residence from the immediate vicinity of the Denver, Colorado, metropolitan area.

4. Base Salary. For all services to be rendered by the Executive pursuant to this Agreement, the Companies agree to pay the Executive during the term of this agreement a base salary (the “Base Salary”) for each calendar year at an annual rate which is which is not less than the annual rate of the Executive’s Base Salary in effect on December 31 of the immediately preceding calendar year. The Executive’s annual incentive bonus provided for in Paragraph 5 and all other compensation and benefits to which the executive is or may become entitled pursuant to this agreement or under any plans or programs of the Companies shall be in addition to the Base Salary.

5. Annual Incentive Bonus. As soon as practicable after the execution of this agreement, the Chief Executive Officer of CSGS or his delegate shall establish an incentive bonus program for the Executive for 2001. Such incentive bonus program shall be reflected either in a written supplement to this agreement signed by the Companies and the Executive or in such other form as the Companies and the Executive may agree upon. The same procedure shall be followed for subsequent calendar years during the term of this agreement, so that an annual incentive bonus program for the Executive will be in effect throughout the term of this agreement. The Executive and the Companies understand and acknowledge that, among other things, such incentive bonus program will involve achievement by the Companies of various financial objectives, which may include but are not limited to revenues and earnings, and also may include achievement by the Companies or the Executive of various non-financial objectives. Such incentive bonus program for each calendar year shall provide the opportunity for the Executive to earn an incentive bonus of not less than forty percent (40%) of his Base Salary for such calendar year if the agreed upon objectives are fully achieved. The Board from time to time also may establish incentive compensation programs for the Executive covering periods of more than one (1) year, and any such programs shall be in addition to the annual incentive bonus program required by this Paragraph 5.

6. Expenses. During the term of this agreement, the Executive shall be entitled to prompt reimbursement by the Companies of all reasonable ordinary and necessary travel, entertainment, and other expenses incurred by the Executive (in accordance with the policies and procedures established by the Companies for their respective senior executive officers) in the performance of his duties and responsibilities under this agreement; provided, that the Executive shall properly account for such expenses in accordance with the policies and procedures of the Companies, which may include but are not limited to itemized accountings.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

7. Other Benefits. During the term of this agreement, the Companies shall provide to the Executive and his eligible dependents at the expense of the Companies individual or group medical, hospital, dental, and long-term disability insurance coverages and group life insurance coverage, in each case at least as favorable as those coverages which are provided to other vice presidents of the Companies. During the term of this agreement, the Executive also shall be entitled to participate in such other benefit plans or programs which the Companies from time to time may make available to their employees generally (except, if applicable, any programs in which executive officers of CSGS are not eligible to participate because of securities law reasons).

8. Vacations and Holidays. During the term of this agreement, the Executive shall be entitled to paid vacations and holidays in accordance with the policies of the Companies in effect from time to time for their respective senior executive officers, but in no event shall the Executive be entitled to less than four (4) weeks of vacation during each calendar year.

9. Full-Time Efforts and Other Activities. During the term of this agreement, to the best of his ability and using all of his skills, the Executive shall devote substantially all of his working time and efforts during the normal business hours of the Companies to the business and affairs of the Companies and to the diligent and faithful performance of the duties and responsibilities assigned to him pursuant to this agreement, except for vacations, holidays, and sick days. However, the Executive may devote a reasonable amount of his time to civic, community, or charitable activities, to service on the governing bodies or committees of trade associations or similar organizations of which either or both of the Companies are members, and, with the prior approval of the Board, the Chief Executive Officer, or the President of CSGS, to service as a director of other corporations and to other types of activities not expressly mentioned in this paragraph, so long as the activities referred to in this sentence do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement. The Executive also shall be free to manage and invest his assets in such manner as will not require any substantial services by the Executive in the conduct of the businesses or affairs of the entities or in the management of the properties in which such investments are made, so long as such activities do not materially interfere with the proper performance of the Executive's duties and responsibilities under this agreement.

10. Termination of Employment.

(a) Termination Because of Death. The Executive's employment by the Companies under this agreement shall terminate upon his death. If the Executive's employment under this agreement terminates because of his death, then the Executive's estate or his beneficiaries (as the case may be) shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the date of the Executive's death;

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which his death occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the date of the Executive's death as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid had the Executive's death not occurred;

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the date of the Executive's death; and

(iv) Any other benefits payable by reason of the Executive's death, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the date of the Executive's death.

(b) Termination Because of Disability. If the Executive becomes incapable by reason of physical injury, disease, or mental illness of substantially performing his duties and responsibilities under this agreement for a continuous period of six (6) months or more or for more than one hundred eighty (180) days in the aggregate (whether or not consecutive) during any 12-month period, then at any time after the elapse of such six-month period or such 180 days, as the case may be, the Board may terminate the Executive's employment by the Companies under this agreement. If the Executive's employment under this agreement is terminated by the Board because of such disability on the part of the Executive, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) A pro rata portion of the Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), based upon the number of days in such calendar year elapsed through the effective date of such termination as a proportion of 365, to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred;

(iii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(iv) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the cessation of such disability, the Executive's death, the Executive's attainment of age sixty-five (65), or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(v) Any other benefits payable by reason of the Executive's disability, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

For purposes of this subparagraph (b), decisions with respect to the Executive's disability shall be made by the Board, using its reasonable good faith judgment; and, in making any such decision, the Board shall be entitled to rely upon the opinion of a duly licensed and qualified physician selected by a majority of the members of the Board who are not employees of either of the Companies or any of their respective subsidiaries.

(c) Termination for Cause. The Board may terminate the Executive's employment by the Companies under this agreement for cause; however, for purposes of this agreement "cause" shall mean only (i) the Executive's confession or conviction of theft, fraud, embezzlement, or other crime involving dishonesty, (ii) the Executive's excessive absenteeism (other than by reason of physical injury, disease, or mental illness) without a reasonable justification, (iii) material violation by the Executive of the provisions of Paragraph 11, (iv) habitual and material negligence by the Executive in the performance of his duties and responsibilities under or pursuant to this agreement and failure on the part of the Executive to cure such negligence within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such negligence, (v) material non-compliance by the Executive with his obligations under Paragraph 9 and failure to correct such non-compliance within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (vi) material failure by the Executive to comply with a lawful directive of the Board or the Chief Executive Officer of CSGS and failure to cure such non-compliance within twenty (20) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such non-compliance, (vii) a material breach by the Executive of any of his fiduciary duties to the Companies and, if

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

such breach is curable, the Executive's failure to cure such breach within ten (10) days after his receipt of a written notice from the Board or the Chief Executive Officer of CSGS setting forth in reasonable detail the particulars of such breach, or (viii) willful misconduct or fraud on the part of the Executive in the performance of his duties under this agreement. In no event shall the results of operations of the Companies or any business judgment made in good faith by the Executive constitute an independent basis for termination for cause of the Executive's employment under this agreement. Any termination of the Executive's employment for cause must be authorized by a majority vote of the Board taken not later than nine (9) months after a majority of the members of the Board (other than the Executive) have actual knowledge of the occurrence of the event or conduct constituting the cause for such termination. If the Executive's employment under this agreement is terminated by the Board for cause, then the Executive shall be entitled to receive the following compensation and benefits from the Companies:

(i) The Base Salary through the effective date of such termination;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination; and

(iii) Any other benefits payable to the Executive upon his termination for cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(d) Termination Without Cause Prior to a Change of Control. If, prior to the occurrence of a Change of Control, the Companies terminate the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through that date which is one (1) year after the effective date of such termination (the "Ending Date"), to be paid at the same times that the Base Salary would have been paid if such termination had not occurred; provided, that if the Executive commences employment with another employer, whether as an employee or as a consultant, prior to the Ending Date (for purposes of this Paragraph 10, the "Other Employment"), then such payments of the Base Salary shall be reduced from time to time by the aggregate amount of salary, cash bonus, and consulting fees received or receivable by the Executive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date;

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(ii) The Executive's annual incentive bonus for the calendar year in which such termination occurs (computed as if the Executive were employed by the Companies throughout such calendar year), to be paid at the same time that such incentive bonus would have been paid if such termination had not occurred and to be no less than the Executive's annual incentive bonus for the calendar year immediately preceding the calendar year in which such termination occurs;

(iii) An amount equal to fifty percent (50%) of the Base Salary in effect on the effective date of such termination, such amount to be paid, without interest, one year after the effective date of such termination.

(iv) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such termination;

(v) Continued participation in the following benefit plans or programs of the Companies which may be in effect from time to time and in which the Executive was participating as of the effective date of such termination, to the extent that such continued participation by the Executive is permitted under the terms and conditions of such plans (unless such continued participation is restricted or prohibited by applicable governmental regulations governing such plans), until the first to occur of the Ending Date or (separately with respect to the termination of each benefit) the provision of a substantially equivalent benefit to the Executive by another employer of the Executive:

(1) Group medical and hospital insurance,

(2) Group dental insurance,

(3) Group life insurance, and

(4) Group long-term disability insurance;

and

(vi) Any other benefits payable to the Executive upon his termination without cause, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such termination.

(e) Termination Without Cause After a Change of Control. If, after the occurrence of a Change of Control, the Companies or any Permitted Assignee terminates the Executive's employment under this agreement for any reason other than cause or the Executive's death or disability, then the Executive shall be entitled to receive from the Companies and the Permitted Assignee, if any (all of whom

shall be jointly and severally liable therefor), all of the compensation, benefits, and other payments from the Companies which are described and provided for in subparagraph (d) of this Paragraph 10 (as modified by this subparagraph (e)); provided, however, that (i) for purposes of this subparagraph (e) the Ending Date shall be two (2) years after the effective date of such termination, and the aggregate Base Salary payable under subparagraph (d)(i) (as modified by this subparagraph (e)) for all periods through the Ending Date shall be paid to the Executive in a lump sum without regard to Other Employment not later than thirty (30) days after the effective date of such termination, (ii) the minimum annual incentive bonus payable under subparagraph (d)(ii) shall be paid to the Executive not later than thirty (30) days after the effective date of such termination (with any balance of such annual incentive bonus being payable as provided in such subparagraph (d)(ii)), and (iii) the amount payable under subparagraph (d)(iii) (as modified by this subparagraph (e)) shall be one hundred percent (100%) of the Base Salary in effect on the effective date of such termination and shall be paid to the Executive in a lump sum not later than thirty (30) days after the effective date of such termination.

(f) Constructive Termination. If at any time during the term of this agreement the Board, the Chief Executive Officer of CSGS, the President of CSGS, or a Permitted Assignee materially alters the duties and responsibilities of the Executive provided for in Paragraph 1 or assigns to the Executive duties and responsibilities materially inappropriate to the chief legal officer of the Companies without the Executive's written consent, then, at the election of the Executive (such election to be made by written notice from the Executive to the Board or the Permitted Assignee, as may be appropriate in the circumstances), (i) such action by the Board, the Chief Executive Officer of CSGS, the President of CSGS, or such Permitted Assignee shall constitute a constructive termination of the Executive's employment by the Companies for a reason other than cause (the "Constructive Termination"), (ii) the Executive thereupon may resign from his offices and positions with the Companies and shall not be obligated to perform any further services of any kind to or for the Companies, and (iii) the Executive shall be entitled to receive from the Companies (and the Permitted Assignee, if applicable) at the applicable times all of the compensation, benefits, and other payments described in subparagraph (d) or subparagraph (e) of this Paragraph 10 (whichever may be applicable), as if the effective date of the Executive's resignation were the effective date of his termination of employment for purposes of determining such compensation, benefits, and other payments. Notwithstanding the foregoing provisions of this subparagraph (f), before exercising any of his rights pursuant to the preceding sentence, the Executive shall give written notice to the Chief Executive Officer of CSGS setting forth the Executive's intent to exercise such rights and specifying the Constructive Termination which the Executive claims to be the basis for such intended exercise; and the Companies shall have twenty (20) days after the Chief Executive Officer has received such notice to take such actions, if any, as the Companies may deem appropriate to eliminate such claimed Constructive Termination (without thereby admitting that a Constructive Termination had occurred). If the Companies so act to eliminate such claimed Constructive Termination, then the Executive shall not have any rights under this subparagraph (f) with respect to such claimed Constructive Termination.

(g) Voluntary Resignation. If the Executive voluntarily resigns as an employee of the Companies and thereby voluntarily terminates his employment under this agreement and if none of subparagraphs (a) through (f) of this Paragraph 10 is applicable to such termination, then the Executive shall be entitled to receive only the following compensation, benefits, and other payments from the Companies:

(i) The Base Salary through the effective date of such voluntary resignation;

(ii) Any other amounts earned, accrued, or owed to the Executive under this agreement but not paid as of the effective date of such voluntary resignation;

(iii) If (and only if) the Executive's voluntary resignation is effective on December 31 of a particular calendar year, the Executive's annual incentive bonus (if any) for such calendar year, to be paid in accordance with the regular schedule for its payment; and

(iv) Any other benefits payable to the Executive upon his voluntary resignation, or to which the Executive otherwise may be entitled, under any benefit plans or programs of the Companies in effect on the effective date of such voluntary resignation.

The Executive understands and agrees that if this subparagraph (g) is applicable to the termination of the Executive's employment with the Companies, then, unless his voluntary resignation is effective on December 31 of a particular calendar year, the Executive will not be entitled to any annual incentive bonus for the calendar year in which his voluntary resignation becomes effective.

(h) Liquidated Damages. The Executive agrees to accept the compensation, benefits, and other payments provided for in subparagraph (d), subparagraph (e), or subparagraph (f) of this Paragraph 10, as the case may be, as full and complete liquidated damages for any breach of this agreement resulting from the actual or constructive termination of the Executive's employment under this agreement for a reason other than cause or the Executive's death or disability; and the Executive shall not have and hereby waives and relinquishes any other rights or claims in respect of such breach.

(i) Notice of Other Employment and of Benefits. The Executive promptly shall notify the Companies in writing of (i) his acceptance of the Other Employment referred to in subparagraph (d) of this Paragraph 10, (ii) the effective date of such Other Employment, and (iii) the amount of salary, cash bonus, and consulting fees which the Executive receives or is entitled to receive from the Other Employment for services performed by him during the period from the commencement of the Other Employment through the Ending Date. Whenever relevant for purposes of this Paragraph 10, the Executive also promptly shall notify the Companies of his receipt from another employer of any benefits of the types referred to in subparagraphs (b)(iv) and (d)(v) of this Paragraph 10. Such information shall be updated by the Executive whenever necessary to keep the Companies informed on a current basis.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(j) Modification of Benefit Plans or Programs. Nothing contained in this Paragraph 10 shall obligate the Companies to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan or program referred to in subparagraph (b)(iv) or (d)(v) of this Paragraph 10 so long as such actions are similarly applicable to senior executives of the Companies generally.

(k) Rights of Estate. If the Executive dies prior to his receipt of all of the cash payments to which he may be entitled pursuant to subparagraph (b), (c), (d), (e), (f), or (g) of this Paragraph 10 if any such subparagraph becomes applicable, then the unpaid portion of such cash payments shall be paid by the Companies to the personal representative of the Executive's estate at the same time or times that the payments would have been made to the Executive if he still were living.

(l) Excess Parachute Payments. If any of the payments required to be made to the Executive pursuant to subparagraph (d), (e), or (f) of this Paragraph 10 constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and any regulations thereunder, and the Executive becomes liable for any excise tax on such "excess parachute payments" and any interest or penalties thereon (such excise tax, interest, and penalties, collectively, the "Tax Penalties"), then the Companies (and the Permitted Assignee, if applicable) promptly shall make a cash payment (the "Additional Payment") to the Executive in an amount equal to the Tax Penalties. The Companies also promptly shall make an additional cash payment to the Executive in an amount rounded to the nearest $100.00 which is equal to any additional income, excise, and other taxes (using the individual tax rates applicable to the Executive for the year for which such Tax Penalties are owed) for which the Executive will be liable as a result of the Executive's receipt of the Additional Payment (the additional cash payment provided for in this sentence being referred to as a "Gross-Up Payment"). In addition, the Executive shall be entitled to promptly receive from the Companies (and the Permitted Assignee, if applicable) a further Gross-Up Payment in respect of each prior Gross-Up Payment until the amount of the last Gross-Up Payment is less than $100.00.

(m) Section 409A; Time and Form of Payments and Benefits. The parties intend that each payment and benefit provided to the Executive upon his termination of employment pursuant to Paragraph 10 hereof shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or shall comply with the requirements of Section 409A of the Code. The purpose of this subparagraph (m) is solely to amend this agreement to comply with, or be eligible for one or more exceptions from, the requirements of Section 409A of the Code.

(i) Time and Form of Payment. Each of the following amounts payable to the Executive under this agreement shall constitute a separate payment for purposes of Section 409A of the Code:

(1) Each pay period installment of Base Salary payable to the Executive pursuant to subparagraphs 10(d)(i) or 10(f)(iii) (each such installment, a "Salary Continuation Payment").

- Each Salary Continuation Payment shall be paid in accordance with the payroll payment schedule of the Companies in effect on the effective date of the Executive's termination of employment with the Companies.

(2) Any annual incentive bonus payable to the Executive pursuant to subparagraphs 10(d)(ii), 10(f)(iii) or 10(g)(iii) and the amount payable, if any, in excess of the minimum annual incentive bonus payable pursuant to subparagraph 10(e)(ii) ("Full Termination Year Bonus").

- Any Full Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(3) Any pro rata portion of the Executive's annual incentive bonus for the calendar year of the Executive's termination of employment pursuant to subparagraphs 10(a)(ii) or 10(b)(ii) ("Pro-Rated Termination Year Bonus").

- Any Pro-Rated Termination Year Bonus shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs, such payment to be made on the date when such bonuses are normally paid by the Companies (but in no event after the end of the calendar year immediately following the calendar year in which the Executive's termination of employment with the Companies is effective).

(4) Any Base Salary amount payable pursuant to subparagraphs 10(e)(i) or 10(f)(iii) ("Lump Sum Salary").

- Any Lump Sum Salary shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(5) Any minimum annual incentive bonus for the calendar year in which the Executive terminates employment pursuant to subparagraphs 10(e)(ii) or 10(f)(iii) ("Lump Sum Bonus").

- Any Lump Sum Bonus shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(6) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(d)(iii) or 10(f)(iii) ("Percentage Base Amount").

- Any Percentage Base Amount shall be paid on the date that is one year after the effective date of the Executive's termination of employment with the Companies.

(7) Any amounts payable as a percentage of the Executive's Base Salary pursuant to subparagraphs 10(e)(iii) or 10(f)(iii) ("Lump Sum Percentage Base Amount").

- Any Lump Sum Percentage Base Amount shall be paid not later than 30 days after the effective date of the Executive's termination of employment with the Companies.

(8) Any amounts payable to the Executive pursuant to subparagraph 10(l) as an "Additional Payment" and any "Gross-Up Payment" (the "Preliminary Gross-Up Payment").

- Any Preliminary Gross-Up Payment shall be paid not later than 30 days following the effective date of the Executive's termination of employment with the Companies.

(9) Any amounts payable to the Executive pursuant to subparagraph 10(l) as a "further Gross-Up Payment" (the "Adjustment Gross-Up Payment").

- Any Adjustment Gross-Up Payment shall be paid during the calendar year immediately following the calendar year in which the effective date of the Executive's termination of employment with the Companies occurs.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(ii) Continuation of Benefits. Subparagraphs 10(b)(iv), 10(d)(v), 10(e), and 10(f) provide for continued participation by the Executive in designated health and welfare benefit programs of the Companies for a specified period. The parties intend that any in-kind benefits or reimbursement of expenses incurred by the Executive with respect to the continuation of benefits satisfy the requirements for a fixed schedule of payments with respect to such benefits or payments as required by Treas. Reg. § 1.409A-3(i)(1)(iv). To the extent such continued participation by the Executive involves any payment for continued coverage by the Executive and reimbursement to the Executive, the amount of any such reimbursement shall be paid to the Executive (or his beneficiary) by December 31 of the calendar year following the year in which the Executive pays the actual cost of continued coverage. The amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Further, the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Six-Month Delay in Payment. Notwithstanding anything contained in this Employment Agreement to the contrary, if the Executive is deemed by the Companies at the time of the Executive's "separation from service" with the Companies to be a "specified employee," any compensation or benefits to which the Executive becomes entitled under this Employment Agreement in connection with such separation shall not be paid or commence until the date which is the first business day following the six month period after the Executive's separation from service (or if earlier, the Executive's death). Such delay in payment shall only be effected with respect to each separate payment or benefit to the extent required to avoid adverse tax treatment to the Executive, including (without limitation) the additional 20% tax for which the Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such delay in payment. Upon the expiration of the delay period, any compensation or benefits which would have otherwise been paid during the delay period (whether in a single sum or in installments) in the absence of this subparagraph shall be paid to the Executive or his beneficiary in a single sum payment.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

(iv) Key Definitions. For purposes of Paragraph 10 of this Employment Agreement, the terms “separation from service” and “specified employee,” and, solely with respect to subparagraph 10(b)(iv), the term “disability,” shall have the meanings ascribed to such terms pursuant to Section 409A of the Code and the related treasury regulations and other applicable guidance.

11. Nondisclosure. During the term of this agreement and thereafter, the Executive shall not, without the prior written consent of the Board or a person (other than the Executive) so authorized by the Board, disclose or use for any purpose (except in the course of his employment under this agreement and in furtherance of the business of the Companies or any of their respective subsidiaries) any confidential information, trade secrets, or proprietary data of the Companies or any of their respective subsidiaries (collectively, for purposes of this agreement, “Confidential Information”); provided, however, that Confidential Information shall not include any information then known generally to the public or ascertainable from public or published information (other than as a result of unauthorized disclosure by the Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Companies or their respective subsidiaries, as the case may be.

12. Successors and Assigns. This agreement and all rights under this agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees, successors, and assigns. This agreement is personal in nature, and none of the parties to this agreement shall, without the written consent of the others, assign or transfer this agreement or any right or obligation under this agreement to any other person or entity, except as permitted by Paragraph 14.

13. Notices. For purposes of this agreement, notices and other communications provided for in this agreement shall be deemed to be properly given if delivered personally or sent either by next-business-day prepaid express delivery by a recognized national express delivery service or by United States certified mail, return receipt requested, postage prepaid, in either case addressed as follows:

If to the Executive:	Joseph T. Ruble c/o CSG Systems, Inc. 9555 Maroon Circle Englewood, Colorado 80112
If to the Companies:	CSG Systems International, Inc. and CSG Systems, Inc. 9555 Maroon Circle Englewood, Colorado 80112 Attn: Chief Executive Officer,

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

or to such other address as either party may have furnished to the other party in writing in accordance with this paragraph. Such notices or other communications shall be effective only upon receipt.

14. Merger, Consolidation, Sale of Assets. In the event of (a) a merger of Systems with another corporation (other than CSGS) in a transaction in which Systems is not the surviving corporation, (b) the consolidation of Systems into a new corporation resulting from such consolidation, (c) the sale or other disposition of all or substantially all of the assets of Systems, the Companies may assign this agreement and all of the rights and obligations of the Companies under this agreement to the surviving, resulting, or acquiring entity (for purposes of this agreement, a “Permitted Assignee”); provided, that such surviving, resulting, or acquiring entity shall in writing assume and agree to perform all of the obligations of the Companies under this agreement; and provided further, that the Companies shall remain jointly and severally liable for the performance of the obligations of the Companies under this agreement in the event of a failure of the Permitted Assignee to perform its obligations under this agreement.

15. Change of Control. For purposes of this agreement, a “Change of Control” shall be deemed to have occurred upon the happening of any of the following events:

(a) CSGS is merged or consolidated into another corporation, and immediately after such merger or consolidation becomes effective the holders of a majority of the outstanding shares of voting capital stock of CSGS 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 of the surviving or resulting corporation in such merger or consolidation;

(b) 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 CSGS;

(c) the Common Stock of CSGS 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 CSGS);

(d) CSGS 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 CSGS);

(e) in one or more substantially concurrent transactions or in a series of related transactions, CSGS 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 CSGS 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

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

by CSGS for the Sold Business is equal to at least fifty percent (50%) of the market value of the outstanding Common Stock of CSGS determined by multiplying the average of the closing prices for the Common Stock of CSGS 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 CSGS during such four (4) calendar quarters; or

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

16. Miscellaneous. No provision of this agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and is signed by the Executive and an officer of CSGS (other than the Executive) so authorized by the Board. No waiver by any party to this agreement at any time of any breach by any other party of, or compliance by any other party with, any condition or provision of this agreement to be performed by such other party shall be deemed to be a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this agreement have been made by any party that are not expressly set forth in this agreement.

17. Representations of Companies. The Companies severally represent and warrant to the Executive that they have full legal power and authority to enter into this agreement, that the execution and delivery of this agreement by the Companies have been duly authorized by their respective boards of directors, and that the performance of their respective obligations under this agreement will not violate any agreement between the Companies, or either of them, and any other person, firm, or organization.

18. Non-Solicitation of Employees. For a period of one (1) year after the effective date of the termination of the Executive’s employment under this agreement for any reason, whether voluntarily or involuntarily and with or without cause, without the prior written consent of CSGS the Executive agrees (i) not to directly or indirectly employ, solicit for employment, assist any other person in employing or soliciting for employment, or advise or recommend to any other person that such other person employ or solicit for employment any person who then is an employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies and (ii) not to recommend to any then employee of the Companies (or either of them) or any of the respective subsidiaries of the Companies that such employee leave the employ of such employer.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

19. Post-Termination Noncompetition. Because the Confidential Information known to or developed by the Executive during his employment by the Companies encompasses at the highest level information concerning the plans, strategies, products, operations, and existing and prospective customers of the Companies and could not practically be disregarded by the Executive, the Executive acknowledges that his provision of executive services to a competitor of the Companies or either of them soon after the termination of the Executive's employment by the Companies would inevitably result in the use of the Confidential Information by the Executive in his performance of such executive services, even if the Executive were to use his best efforts to avoid such use of the Confidential Information. To prevent such use of the Confidential Information and the resulting unfair competition and wrongful appropriation of the goodwill and other valuable proprietary interests of the Companies, the Executive agrees that for a period of one (1) year after the termination of his employment by the Companies for any reason, whether voluntarily or involuntarily and with or without cause, the Executive will not, directly or indirectly:

(a) engage, whether as an employee, agent, consultant, independent contractor, owner, partner, member, or otherwise, in a business activity which then competes in a material way with a business activity then being actively engaged in by the Companies or either of them;

(b) solicit or recommend to any other person that such period solicit any then customer of the Companies or either or them, which customer also was a customer of the Companies or either of them at any time during the one (1) year period prior to the termination of the Executive's employment by the Companies, for the purpose of obtaining the business of such customer in competition with the Companies or either of them; or

(c) induce or attempt to induce any then customer or prospective customer of the Companies or either of them to terminate or not commence a business relationship with the Companies or either of them.

The Companies and the Executive acknowledge and agree that the restrictions contained in this Paragraph 19 are both reasonable and necessary in view of the Executive's positions with the Companies and that the Executive's compensation and benefits under this agreement are sufficient consideration for the Executive's acceptance of such restrictions. Nevertheless, if any of the restrictions contained in this Paragraph 19 are found by a court having jurisdiction to be unreasonable, or excessively broad as to geographic area or time, or otherwise unenforceable, then the parties intend that the restrictions contained in this Paragraph 19 be modified by such court so as to be reasonable and enforceable and, as so modified by the court, be fully enforced. Nothing contained in this paragraph shall be construed to preclude the investment by the Executive of any of his assets in any publicly owned entity so long as the Executive has no direct or indirect involvement in the business of such entity and owns less than 2% of the voting equity securities of such entity. Nothing contained in this paragraph shall be construed to preclude the Executive from becoming employed by or serving as a consultant to or having dealings with a publicly owned entity one of whose businesses is a competitor of the Companies or either of them so long as such employment, consultation, or dealings do not directly or indirectly involve or relate to the business of such entity which is a competitor of the Companies or either of them.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

20. Joint and Several Obligations. All of the obligations of the Companies under this agreement are joint and several; and neither the bankruptcy, insolvency, dissolution, merger, consolidation, or reorganization nor the cessation of business or corporate existence of one of the Companies shall affect, impair, or diminish the obligations under this agreement of the other of the Companies. The compensation and benefits to which the Executive is entitled under this agreement are aggregate compensation and benefits, and the payment of such compensation or the provision of such benefits by one of the Companies shall to the extent of such payment or provision satisfy the obligations of the other of the Companies. The Companies may agree between themselves as to which of them will be responsible for some or all of the Executive's compensation and benefits under this agreement, but any such agreement between the Companies shall not diminish to any extent the joint and several liability of the Companies to the Executive for all of such compensation and benefits.

21. Injunctive Relief. The Executive acknowledges that his violation of the provisions and restrictions contained in Paragraphs 11, 18, and 19 could cause significant injury to the Companies for which the Companies would have no adequate remedy at law. Accordingly, the Executive agrees that the Companies will be entitled, in addition to any other rights and remedies that then may be available to the Companies, to seek and obtain injunctive relief to prevent any breach or potential breach of any of the provisions and restrictions contained in Paragraph 11, 18, or 19.

22. Dispute Resolution. Subject to the provisions of Paragraph 21, any claim by the Executive or the Companies arising from or in connection with this agreement, whether based on contract, tort, common law, equity, statute, regulation, order, or otherwise (a "Dispute"), shall be resolved as follows:

(a) Such Dispute shall be submitted to mandatory and binding arbitration at the election of either the Executive or the particular Company involved (the "Disputing Party"). Except as otherwise provided in this Paragraph 22, the arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA").

(b) To initiate the arbitration, the Disputing Party shall notify the other party in writing within 30 days after the occurrence of the event or events which give rise to the Dispute (the "Arbitration Demand"), which notice shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of any claim, (iii) specify the requested relief, and (iv) name an arbitrator who (A) has been licensed to practice law in the U.S. for at least ten years, (B) has no past or present relationship with either the Executive or the Companies, and (C) is experienced in representing clients in connection with employment related disputes (the "Basic Qualifications"). Within fifteen (15) days after the other party's receipt of the Arbitration Demand, such other party shall serve on the Disputing Party a written statement (i) answering the claims set forth in the

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Arbitration Demand and including any affirmative defenses of such party, (ii) asserting any counterclaim, which statement shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim, and (C) specify the requested relief, and (iii) naming a second arbitrator satisfying the Basic Qualifications. Promptly, but in any event within five (5) days thereafter, the two arbitrators so named shall select a third neutral arbitrator from a list provided by the AAA of potential arbitrators who satisfy the Basic Qualifications and who have no past or present relationship with the parties' counsel, except as otherwise disclosed in writing to and approved by the parties. The arbitration will be heard by a panel of the three arbitrators so chosen (the "Arbitration Panel"), with the third arbitrator so chosen serving as the chairperson of the Arbitration Panel. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(c) The arbitration hearing shall be held in Denver, Colorado. The Arbitration Panel is specifically authorized to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. The Arbitration Panel will have no power or authority, under the Commercial Arbitration Rules of the AAA or otherwise, to relieve the parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this agreement, including, without limitation, the provisions of this Paragraph 22.

(d) If an arbitrator refuses or is unable to proceed with arbitration proceedings as called for by this Paragraph 22, such arbitrator shall be replaced by the party who selected such arbitrator or, if such arbitrator was selected by the two party-appointed arbitrators, by such two party-appointed arbitrators' selecting a new third arbitrator in accordance with Paragraph 22(b), in either case within five (5) days after such declining or withdrawing arbitrator's giving notice of refusal or inability to proceed. Each such replacement arbitrator shall satisfy the Basic Qualifications. If an arbitrator is replaced pursuant to this Paragraph 22(d) after the arbitration hearing has commenced, then a rehearing shall take place in accordance with the provisions of this Paragraph 22(d) and the Commercial Arbitration Rules of the AAA.

(e) Within ten (10) days after the closing of the arbitration hearing, the Arbitration Panel shall prepare and distribute to the parties a writing setting forth the Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reason for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be confidential information.

(f) The Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

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(g) Any award rendered by the Arbitration Panel will be final, conclusive, and binding upon the parties, and any judgment on such award may be entered and enforced in any court of competent jurisdiction.

(h) Each party will bear a pro rata share of all fees, costs, and expenses of the arbitrators; and, notwithstanding any law to the contrary, each party will bear all of the fees, costs, and expenses of his or its own attorneys, experts, and witnesses. However, in connection with any judicial proceeding to compel arbitration pursuant to this agreement or to enforce any award rendered by the Arbitration Panel, the prevailing party in such a proceeding will be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such proceedings, in addition to any other relief to which such party may be entitled.

(i) Nothing contained in the preceding provisions of this Paragraph 22 shall be construed to prevent either party from seeking from a court a temporary restraining order or other injunctive relief pending final resolution of a Dispute pursuant to this Paragraph 22.

23. No Duty to Seek Employment. The Executive shall not be under any duty or obligation to seek or accept other employment following the termination of his employment by the Companies; and, except as expressly provided in subparagraphs (b)(iv), (d)(i), and (d)(v) of Paragraph 10, no amount, payment, or benefit due the Executive under this agreement shall be reduced, suspended, or discontinued if the Executive accepts such other employment.

24. Withholding of Taxes. The Companies may withhold from any amounts payable to the Executive under this agreement all federal, state, and local taxes which are required to be so withheld by any applicable law or governmental regulation or ruling.

25. Validity. The invalidity or unenforceability of any provision or provisions of this agreement shall not affect the validity or enforceability of any other provision of this agreement, which other provision shall remain in full force and effect; nor shall the invalidity or unenforceability of a portion of any provision of this agreement affect the validity or enforceability of the balance of such provision.

26. Counterparts. This document may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

27. Headings. The headings of the paragraphs contained in this document are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this agreement.

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

28. Applicable Law. This agreement shall be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Colorado.

29. Section 409A. The parties intend that any amounts payable and benefits provided under this agreement and the exercise of authority or discretion hereunder by the Companies or by the Executive (i) shall be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A of the Code or (ii) shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto, in each case so as not to subject the Executive to the payment of additional taxes and interest that may be imposed under Section 409A of the Code. To the extent that any amount payable or benefit provided under this agreement would trigger the additional tax or interest imposed under Section 409A of the Code, this agreement shall be modified to avoid such additional tax or interest and to preserve, to the nearest extent reasonably possible, the intended benefit to the Executive.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the Companies and the Executive have executed this Restated Employment Agreement on the day and year first above written.

CSG SYSTEMS INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ Peter E. Kalan
Peter E. Kalan, President and
Chief Executive Officer

CSG SYSTEMS, INC.,
a Delaware corporation

By: /s/ Peter E. Kalan
Peter E. Kalan, President and
Chief Executive Officer

/s/ Joseph T. Ruble
Joseph T. Ruble

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

EXHIBIT 12.10

CSG Systems International, Inc.
Ratio of Earnings to Fixed Charges
(in thousands, except ratio)

	Six Months Ended June 30, 2008 (unaudited)
Income from continuing operations before income taxes	$ 44,186
Fixed Charges:	
Interest on long-term and short-term debt including amortization of debt expense	3,682
Interest element of rentals	1,748
Total fixed charges	5,430
Earnings before income taxes and fixed charges	$ 49,616
Ratio of earnings to fixed charges	9.14

Source: CSG SYSTEMS INTERNAT, 10-Q, August 07, 2008

CERTIFICATIONS PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Peter E. Kalan, 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 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:

   (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: August 7, 2008

/s/ Peter E. Kalan
Peter E. Kalan
Chief Executive Officer and President

CERTIFICATIONS PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Randy R. Wiese, 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 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:

   (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: August 7, 2008

/s/ Randy R. Wiese
Randy R. Wiese
Executive Vice President and Chief Financial Officer

EXHIBIT 32.01

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.

Peter E. Kalan, the Chief Executive Officer and Randy R. Wiese, 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.

August 7, 2008

/s/ Peter E. Kalan
Peter E. Kalan
Chief Executive Officer and President

August 7, 2008

/s/ Randy R. Wiese
Randy R. Wiese
Executive Vice President and Chief Financial Officer

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