

CSG SYSTEMS INTERNATIONAL INC

FORM 10-Q (Quarterly Report)

Filed 11/03/16 for the Period Ending 09/30/16

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CIK 0001005757
Symbol CSGS
SIC Code 7374 - Computer Processing and Data Preparation and Processing Services
Industry IT Services & Consulting
Sector Technology
Fiscal Year 12/31

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 September 30, 2016

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 has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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 October 31, 2016: 32,277,976

CSG SYSTEMS INTERNATIONAL, INC.
FORM 10-Q for the Quarter Ended September 30, 2016

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

ASSETS	September 30, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 140,221	\$ 132,631
Short-term investments	125,917	108,305
Total cash, cash equivalents and short-term investments	266,138	240,936
Trade accounts receivable:		
Billed, net of allowance of \$2,906 and \$3,600	201,610	178,854
Unbilled	33,934	41,110
Income taxes receivable	4,012	4,038
Other current assets	33,320	35,153
Total current assets	539,014	500,091
Non-current assets:		
Property and equipment, net of depreciation of \$120,813 and \$112,282	30,618	35,992
Software, net of amortization of \$101,176 and \$95,094	30,365	35,095
Goodwill	206,887	219,724
Client contracts, net of amortization of \$94,297 and \$87,890	35,695	39,738
Deferred income taxes	14,239	17,462
Other assets	11,300	14,629
Total non-current assets	329,104	362,640
Total assets	\$ 868,118	\$ 862,731
LIABILITIES, CURRENT PORTION OF LONG-TERM DEBT CONVERSION OBLIGATION AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt, net of unamortized discounts of \$734 and \$8,632	\$ 47,123	\$ 148,868
Client deposits	32,746	33,694
Trade accounts payable	25,348	43,392
Accrued employee compensation	58,941	59,607
Deferred revenue	48,959	41,907
Income taxes payable	2,234	8,962
Other current liabilities	17,260	22,980
Total current liabilities	232,611	359,410
Non-current liabilities:		
Long-term debt, net of unamortized discounts of \$24,169 and \$4,738	329,581	130,262
Deferred revenue	7,726	9,828
Income taxes payable	4,392	4,413
Deferred income taxes	19	182
Other non-current liabilities	12,828	12,791
Total non-current liabilities	354,546	157,476
Total liabilities	587,157	516,886
Current portion of long-term debt conversion obligation	28,690	-
Stockholders' equity:		
Preferred stock, par value \$.01 per share; 10,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, par value \$.01 per share; 100,000 shares authorized; 32,317 and 32,555 shares outstanding	672	672
Common stock warrants; 2,851 and 2,851 warrants issued and outstanding	7,310	7,310
Additional paid-in capital	397,029	503,254
Treasury stock, at cost, 34,865 and 34,601 shares	(823,963)	(814,437)
Accumulated other comprehensive income (loss):		
Unrealized loss on short-term investments, net of tax	(6)	(97)
Cumulative foreign currency translation adjustments	(36,721)	(26,288)
Accumulated earnings	707,950	675,431
Total stockholders' equity	252,271	345,845
Total liabilities, current portion of long-term debt conversion obligation and stockholders' equity	\$ 868,118	\$ 862,731

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

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

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Revenues:				
Cloud and related solutions	\$ 151,217	\$ 143,887	\$ 451,023	\$ 429,009
Software and services	18,634	23,231	58,964	68,301
Maintenance	19,460	19,842	55,802	57,922
Total revenues	<u>189,311</u>	<u>186,960</u>	<u>565,789</u>	<u>555,232</u>
Cost of revenues (exclusive of depreciation, shown separately below):				
Cloud and related solutions	70,150	67,428	206,578	201,455
Software and services	12,230	15,244	37,057	52,912
Maintenance	11,040	9,510	32,051	29,877
Total cost of revenues	<u>93,420</u>	<u>92,182</u>	<u>275,686</u>	<u>284,244</u>
Other operating expenses:				
Research and development	23,572	24,941	71,479	76,567
Selling, general and administrative	32,508	34,247	101,539	102,261
Depreciation	3,398	3,723	10,423	11,268
Restructuring and reorganization charges	(185)	846	(601)	1,822
Total operating expenses	<u>152,713</u>	<u>155,939</u>	<u>458,526</u>	<u>476,162</u>
Operating income	<u>36,598</u>	<u>31,021</u>	<u>107,263</u>	<u>79,070</u>
Other income (expense):				
Interest expense	(4,398)	(2,526)	(11,876)	(8,431)
Amortization of original issue discount	(1,062)	(1,576)	(3,856)	(4,639)
Interest and investment income, net	707	278	1,698	674
Loss on repurchase of convertible notes	(332)	-	(8,651)	-
Other, net	(1,354)	746	(4,040)	426
Total other	<u>(6,439)</u>	<u>(3,078)</u>	<u>(26,725)</u>	<u>(11,970)</u>
Income before income taxes	<u>30,159</u>	<u>27,943</u>	<u>80,538</u>	<u>67,100</u>
Income tax provision	(12,265)	(11,196)	(30,303)	(28,201)
Net income	<u>\$ 17,894</u>	<u>\$ 16,747</u>	<u>\$ 50,235</u>	<u>\$ 38,899</u>
Weighted-average shares outstanding:				
Basic	31,063	30,920	30,922	31,087
Diluted	32,639	33,287	33,041	33,241
Earnings per common share:				
Basic	\$ 0.58	\$ 0.54	\$ 1.62	\$ 1.25
Diluted	0.55	0.50	1.52	1.17
Cash dividends declared per common share	\$ 0.19	\$ 0.18	\$ 0.56	\$ 0.53

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

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

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Net income	\$ 17,894	\$ 16,747	\$ 50,235	\$ 38,899
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(1,393)	(8,755)	(10,433)	(10,367)
Unrealized holding gains (losses) on short-term investments arising during period	(566)	(6)	91	-
Other comprehensive loss, net of tax	(1,959)	(8,761)	(10,342)	(10,367)
Total comprehensive income, net of tax	<u>\$ 15,935</u>	<u>\$ 7,986</u>	<u>\$ 39,893</u>	<u>\$ 28,532</u>

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

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

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Cash flows from operating activities:		
Net income	\$ 50,235	\$ 38,899
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation	10,423	11,268
Amortization	19,921	22,353
Amortization of original issue discount	3,856	4,639
(Gain) loss on short-term investments and other	(23)	179
Loss on repurchase of convertible notes	8,651	-
(Gain) loss on disposition of business operations	(6,611)	767
Deferred income taxes	(2,159)	(5,556)
Excess tax benefit of stock-based compensation awards	(4,622)	(2,174)
Stock-based compensation	17,273	15,775
Changes in operating assets and liabilities, net of acquired amounts:		
Trade accounts receivable, net	(16,275)	(1,869)
Other current and non-current assets	199	(6,092)
Income taxes payable/receivable	(2,750)	3,588
Trade accounts payable and accrued liabilities	(23,628)	(3,703)
Deferred revenue	5,016	6,272
Net cash provided by operating activities	<u>59,506</u>	<u>84,346</u>
Cash flows from investing activities:		
Purchases of property and equipment	(11,542)	(16,776)
Purchases of short-term investments	(122,736)	(107,462)
Proceeds from sale/maturity of short-term investments	107,816	127,766
Acquisition of and investments in business, net of cash acquired	-	(962)
Acquisition of and investments in client contracts	(6,038)	(6,374)
Proceeds from the disposition of business operations	8,850	-
Net cash used in investing activities	<u>(23,650)</u>	<u>(3,808)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,120	1,148
Payment of cash dividends	(18,325)	(16,811)
Repurchase of common stock	(22,455)	(64,995)
Payments on acquired asset financing	-	(829)
Proceeds from long-term debt	230,000	150,000
Payments on long-term debt	(5,625)	(125,625)
Repurchase of convertible notes	(215,657)	-
Payments of deferred financing costs	(6,744)	(2,742)
Excess tax benefit of stock-based compensation awards	4,622	2,174
Net cash used in financing activities	<u>(33,064)</u>	<u>(57,680)</u>
Effect of exchange rate fluctuations on cash	<u>4,798</u>	<u>(4,405)</u>
Net increase in cash and cash equivalents	7,590	18,453
Cash and cash equivalents, beginning of period	132,631	81,712
Cash and cash equivalents, end of period	<u>\$ 140,221</u>	<u>\$ 100,165</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for-		
Interest	\$ 11,165	\$ 7,484
Income taxes	35,260	30,998

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

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

1. GENERAL

We have prepared the accompanying unaudited condensed consolidated financial statements as of September 30, 2016 and December 31, 2015, and for the quarters and nine months ended September 30, 2016 and 2015, in accordance with accounting principles generally accepted in the United States of America (“U.S.”) (“GAAP”) for interim financial information, and pursuant to the instructions to Form 10-Q and the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of our management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of our financial position and operating results have been included. The unaudited Condensed Consolidated Financial Statements (the “Financial Statements”) should be read in conjunction with the Consolidated Financial Statements and notes thereto, together with Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”), contained in our Annual Report on Form 10-K for the year ended December 31, 2015 (our “2015 10-K”), filed with the SEC. The results of operations for the quarter and nine months ended September 30, 2016 are not necessarily indicative of the expected results for the entire year ending third quarter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparation of Financial Statements. The preparation of the accompanying 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 our Financial Statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications. Certain December 31, 2015 amounts have been reclassified to conform to the September 30, 2016 presentation, which are discussed further in the Accounting Pronouncements Adopted section below.

Cash and Cash Equivalents. We consider all highly liquid investments with original maturities of three months or less at the date of the purchase to be cash equivalents. As of September 30, 2016 and December 31, 2015, our cash equivalents consist primarily of institutional money market funds, commercial paper, and time deposits held at major banks.

As of September 30, 2016 and December 31, 2015, we had \$4.3 million and \$5.0 million, respectively, of restricted cash that serves to collateralize outstanding letters of credit. This restricted cash is included in cash and cash equivalents in our Condensed Consolidated Balance Sheets (“Balance Sheets” or “Balance Sheet”).

Short-term Investments and Other Financial Instruments. Our financial instruments as of September 30, 2016 and December 31, 2015 include cash and cash equivalents, short-term investments, accounts receivable, accounts payable, and debt. Because of their short maturities, the carrying amounts of cash equivalents, accounts receivable, and accounts payable approximate their fair value.

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

Primarily all short-term investments held by us as of September 30, 2016 and December 31, 2015 have contractual maturities of less than two years from the time of acquisition. Our short-term investments as of September 30, 2016 and December 31, 2015 consisted almost entirely of fixed income securities. Proceeds from the sale/maturity of short-term investments for the nine months ended September 30, 2016 and 2015 were \$107.8 million and \$127.8 million, respectively.

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

	September 30, 2016			December 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cash equivalents:						
Money market funds	\$ 22,253	\$ —	\$ 22,253	\$ 35,730	\$ —	\$ 35,730
Commercial paper	—	20,492	20,492	—	17,245	17,245
Short-term investments:						
Corporate debt securities	—	83,978	83,978	—	77,898	77,898
Corporate equity securities	—	2,476	2,476	—	—	—
Municipal bonds	—	1,410	1,410	—	2,763	2,763
U.S. government agency bonds	—	26,540	26,540	—	16,201	16,201
Asset-backed securities	—	11,513	11,513	—	11,443	11,443
Total	\$ 22,253	\$ 146,409	\$ 168,662	\$ 35,730	\$ 125,550	\$ 161,280

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

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

	September 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit agreement (carrying value including current maturities)	\$ 136,875	\$ 136,875	\$ 142,500	\$ 142,500
2010 Convertible debt	34,732	63,990	150,000	237,900
2016 Convertible debt	230,000	250,988	—	—

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

Accounting Pronouncements Adopted. In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-03, *Interest-Imputation of Interest* (Subtopic 835-30). This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a reduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective in fiscal years beginning after December 15, 2015 and must be applied retrospectively. We adopted this ASU retrospectively on January 1, 2016, which resulted in the reclassification of \$5.4 million of debt issuance costs from other assets to long-term debt on our December 31, 2015 Balance Sheet.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes* (Topic 740), requiring that all deferred tax liabilities and assets be classified as noncurrent. Prior guidance required us to record deferred tax balances as either current or non-current in accordance with the classification of the underlying attributes. This ASU is effective in fiscal years beginning after December 15, 2016, with early adoption permitted and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We adopted this ASU retrospectively on January 1, 2016, which resulted in a decrease of \$18.1 million in current deferred income tax assets, an increase in non-current deferred income tax assets of \$9.1 million and a decrease in non-current deferred income tax liabilities of \$9.0 million on our December 31, 2015 Balance Sheet.

Accounting Pronouncement Issued But Not Yet Effective. The FASB has issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU is a single comprehensive model which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. Under the new guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a

contract. In August 2015, the FASB issued ASU 2015-14 *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* which defers the effective date of ASU 2014-09 for one year. The updated accounting guidance is now effective for annual and interim reporting periods in fiscal years beginning after December 15, 2017. Early adoption is permitted. An entity may choose to adopt this ASU either retrospectively or through a cumulative effect adjustment as of the start of the first period for which it applies the standard. We are currently in the process of evaluating the impact that this new guidance will have on our Financial Statements and our method of adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-to-use asset for all leases, including operating leases, with a term greater than twelve months on its balance sheet. This ASU is effective in annual and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted, and requires a modified retrospective transition method. We are currently in the process of evaluating the impact that this new guidance will have on our Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation (Topic 718)*. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The methods of adoption for this ASU vary by amendment. We are currently in the process of evaluating the impact that this new guidance will have on our Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)*. This ASU requires entities to recognize at the transaction date the income tax consequences of intercompany asset transfers. This ASU is effective in annual and interim periods in fiscal years beginning after December 15, 2017, with early adoption permitted, and requires a modified retrospective transition method. We are currently in the process of evaluating the impact that this new guidance will have on our Financial Statements.

3. LONG-LIVED ASSETS

Goodwill. The changes in the carrying amount of goodwill for the nine months ended September 30, 2016, were as follows (in thousands):

January 1, 2016 balance	\$ 219,724
Adjustments related to prior acquisitions	(45)
Effects of changes in foreign currency exchange rates	(12,792)
September 30, 2016 balance	<u>\$ 206,887</u>

Other Intangible Assets. Our intangible assets subject to ongoing amortization consist primarily of client contracts and software. As of September 30, 2016 and December 31, 2015, the carrying values of these assets were as follows (in thousands):

	September 30, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Client contracts	\$ 129,992	\$ (94,297)	\$ 35,695	\$ 127,628	\$ (87,890)	\$ 39,738
Software	131,541	(101,176)	30,365	130,189	(95,094)	35,095
Total	<u>\$ 261,533</u>	<u>\$ (195,473)</u>	<u>\$ 66,060</u>	<u>\$ 257,817</u>	<u>\$ (182,984)</u>	<u>\$ 74,833</u>

The total amortization expense related to intangible assets for the third quarters of 2016 and 2015 were \$6.3 million and \$6.8 million, respectively, and for the nine months ended September 30, 2016 and 2015 were \$18.2 million and \$20.1 million, respectively. Based on the September 30, 2016 net carrying value of our intangible assets, the estimated total amortization expense for each of the five succeeding fiscal years ending December 31 are: 2016 – \$24.3 million; 2017 – \$20.3 million; 2018 – \$15.1 million; 2019 – \$10.6 million; and 2020 – \$6.2 million.

4. DEBT

Our long-term debt, as of September 30, 2016 and December 31, 2015, was as follows (in thousands):

	September 30, 2016	December 31, 2015
<i>Credit Agreement:</i>		
Term loan, due February 2020, interest at adjusted LIBOR plus 1.75% (combined rate of 2.59% at September 30, 2016)	\$ 136,875	\$ 142,500
Less - deferred financing costs	(3,800)	(4,738)
Term loan, net of unamortized discounts	133,075	137,762
\$200 million revolving loan facility, due February 2020, interest at adjusted LIBOR plus applicable margin	—	—
<i>Convertible Notes:</i>		
2016 Convertible Notes – Senior convertible notes; due March 15, 2036; cash interest at 4.25%	230,000	—
Less – unamortized original issue discount	(14,612)	—
Less – deferred financing costs	(5,757)	—
2016 Convertible Notes, net of unamortized discounts	209,631	—
2010 Convertible Notes – Senior subordinated convertible notes; due March 1, 2017; cash interest at 3.0%	34,732	150,000
Less – unamortized original issue discount	(674)	(7,923)
Less – deferred financing costs	(60)	(709)
2010 Convertible Notes, net of unamortized discounts	33,998	141,368
Total debt, net of unamortized discounts	376,704	279,130
Current portion of long-term debt, net of unamortized discounts	(47,123)	(148,868)
Long-term debt, net of unamortized discounts	\$ 329,581	\$ 130,262

Credit Agreement.

During the nine months ended September 30, 2016, we made \$5.6 million of principal repayments on our 2015 Term Loan. As of September 30, 2016, our interest rate on the 2015 Term Loan is 2.59% (adjusted LIBOR plus 1.75% per annum), effective through December 30, 2016, and our commitment fee on the unused 2015 Revolver is 0.25%. As of September 30, 2016, we had no borrowing outstanding on our 2015 Revolver and had the entire \$200.0 million available to us.

Convertible Notes .

2016 Convertible Notes. In March 2016, we completed an offering of \$230 million of 4.25% senior convertible notes due March 15, 2036 (the “2016 Convertible Notes”) to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2016 Convertible Notes are unsecured obligations and will pay 4.25% annual cash interest, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2016.

The 2016 Convertible Notes will be convertible at the option of the note holders upon the satisfaction of specified conditions and during certain periods. During the period from, and including, December 15, 2021 to the close of business on the business day immediately preceding March 15, 2022 and on or after December 15, 2035, holders may convert all or any portion of their 2016 Convertible Notes at the conversion rate then in effect at any time regardless of these conditions. The 2016 Convertible Notes will be convertible at an initial conversion rate of 17.4642 shares of our common stock per \$1,000 principal amount of the 2016 Convertible Notes, which is equivalent to an initial conversion price of approximately \$57.26 per share of our common stock. We will settle conversions of the 2016 Convertible Notes by paying or delivering, as the case may be, cash, shares of our common stock, or a combination thereof, at our election. It is our current intent and policy to settle our conversion obligations as follows: (i) pay cash for 100% of the par value of the 2016 Convertible Notes that are converted; and (ii) to the extent the value of our conversion obligation exceeds the par value, we can satisfy the remaining conversion obligation in our common stock, cash or a combination thereof.

Holders may require CSG to repurchase the 2016 Convertible Notes for cash on each of March 15, 2022, March 15, 2026, and March 15, 2031, or upon the occurrence of a fundamental change (as defined in the 2016 Convertible Notes Indenture (“2016 Notes Indenture”)) in each case at a purchase price equal to the principal amount thereof plus accrued and unpaid interest.

We may not redeem the 2016 Convertible Notes prior to March 20, 2020. On or after March 20, 2020, we may redeem for cash all or part of the 2016 Convertible Notes if the last reported sale price of our common stock has been at least 130% of the conversion price

then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which CSG provides notice of redemption. On or after March 15, 2022, we may redeem for cash all or part of the 2016 Convertible Notes regardless of the sales price condition described in the preceding sentence. In each case, the redemption price will equal the principal amount of the 2016 Convertible Notes to be redeemed, plus accrued and unpaid interest.

The 2016 Notes Indenture includes customary terms and covenants, including certain events of default after which the 2016 Convertible Notes may be due and payable immediately. The Notes Indenture contains customary affirmative covenants, including compliance with terms of certain other indebtedness of the Company over a defined threshold amount.

The net proceeds from the sale of the 2016 Convertible Notes were approximately \$223 million after deducting the initial purchasers' discount and estimated offering expenses payable by us. As of September 30, 2016, we repurchased approximately \$115 million aggregate principal amount of our 2010 Convertible Notes for \$215.6 million (see additional discussion in 2010 Convertible Notes below) with the net proceeds from the offering of the 2016 Convertible Notes. The remainder of the net proceeds will be used to settle the outstanding 2010 Convertible Notes.

The original issue discount ("OID") related to the 2016 Convertible Notes of \$15.9 million, as a result of an effective interest rate of the liability component of 5.63% compared to the cash interest rate of 4.25%, is being amortized to interest expense through December 15, 2021, the first date the 2016 Convertible Notes can be put back to us by the holders.

2010 Convertible Notes.

As of September 30, 2016, we made the following repurchases of our 2010 Convertible Notes (in millions):

Date	Aggregate Principal Amount Repurchased	Total Purchase Price	Loss on Repurchases (1)
March 15, 2016	\$ 40.0	\$ 72.6	\$ 3.2
April 8, 2016	66.2	125.8	5.1
September 2, 2016	9.1	17.2	0.3
Totals	\$ 115.3	\$ 215.6	\$ 8.6

(1) Loss on the repurchases includes the write-off of unamortized deferred financing costs and OID.

In addition, during the third quarter of 2016, we had holders convert \$40,000 aggregate principal amount of the 2010 Convertible Notes for a total price of \$0.1 million. As of September 30, 2016, the principal outstanding on the 2010 Convertible Notes was \$34.7 million.

As the result of our declaring a cash dividend in August 2016 (see Note 8), the previous conversion rate for the 2010 Convertible Notes of 43.9954 shares of our common stock for each \$1,000 in principal amount of the 2010 Convertible Notes (equivalent to a conversion price of \$22.73 per share of our common stock) has been adjusted to 44.1816 shares of our common stock for each \$1,000 in principal amount of the 2010 Convertible Notes (equivalent to a conversion price of \$22.63 per share of our common stock).

Prior to September 1, 2016, holders of the 2010 Convertible Notes could convert their securities at any time in the fiscal quarter following the period in which the price of our common stock trades over 130% of the conversion price for at least 20 consecutive trading days in the last 30 trading days of a fiscal quarter. On or after September 1, 2016, the holders of the 2010 Convertible Notes can elect to convert their securities at any time, with settlement occurring on March 1, 2017. As of March 16, 2016, the closing price of our common stock exceeded 130% of the conversion price for the required period, thus allowing the 2010 Convertible Notes to be converted at the holder's option during the quarter beginning April 1, 2016 and ending June 30, 2016. In addition, as of June 16, 2016, the closing price of our common stock exceeded the 130% of the conversion price for the required period, thus allowing the 2010 Convertible Notes to continue to be convertible at the holder's option through August 31, 2016. Accordingly, as of September 30, 2016, we classified the \$35 million principal amount of the 2010 Convertible Notes as a current liability and reclassified the difference between the principal amount payable in cash upon conversion and the total settlement value of the 2010 Convertible Notes, or the intrinsic value of the conversion obligation, of approximately \$29 million from stockholders' equity to current portion of long-term debt conversion obligation on our Balance Sheet.

Upon any conversion of the 2010 Convertible Notes, we will settle our conversion obligation as follows: (i) we are required to pay cash for 100% of the par value of the 2010 Convertible Notes that are converted; and (ii) to the extent the value of our conversion obligation exceeds the par value, we can satisfy the remaining conversion obligation in our common stock, cash or any combination of our common stock and cash, at our discretion.

5. RESTRUCTURING AND REORGANIZATION CHARGES

During the third quarter of 2016 and 2015, we recorded restructuring and reorganization charges of (\$0.2) million and \$0.8 million, respectively, and for the nine months ended September 30, 2016 and 2015 recorded restructuring and reorganization charges of (\$0.6) million and \$1.8 million.

Our restructuring activities during the nine months ended September 30, 2016 are primarily made up of the following:

- We reduced our workforce by approximately 60 employees, primarily in North America, as a result of organizational changes and the realignment of our workforce. As a result, we incurred restructuring charges of \$6.5 million during the nine months ended September 30, 2016.
- In September 2015 we entered into an agreement (the "Agreement") with certain former management personnel for the sale of our cyber-security business marketed under the Invotas brand. In February 2016, this business was acquired by a third-party. Based on the terms of the Agreement, we received additional consideration contingent upon a liquidation event, as defined in the Agreement. This resulted in an additional gain on the sale of \$6.6 million in the first quarter of 2016, which reduced restructuring and reorganization charges.

The activity in the business restructuring and reorganization reserves during the nine months ended September 30, 2016 was as follows (in thousands):

	<u>Termination Benefits</u>	<u>Facilities Abandonment</u>	<u>Business Operations</u>	<u>Other</u>	<u>Total</u>
January 1, 2016 balance	\$ 1,637	\$ 1,357	\$ —	\$ —	\$ 2,994
Charged to expense during period	6,471	246	(6,611)	(707)	(601)
Cash payments	(4,890)	(339)	—	—	(5,229)
Adjustment for the gain on the disposition of business operations	—	—	6,611	—	6,611
Adjustment for asset impairment	—	(194)	—	—	(194)
Other	362	86	—	707	1,155
September 30, 2016 balance	<u>\$ 3,580</u>	<u>\$ 1,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,736</u>

6. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Warranties. We generally warrant that our solutions and related offerings will conform to published specifications, or to specifications provided in an individual client arrangement, as applicable. The typical warranty period is 90 days from the date of acceptance of the solution or offering. For certain service offerings we provide a 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 September 30, 2016, 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.

Indemnifications Related to Officers and the Board of Directors. We have agreed to indemnify members of our Board of Directors (the “Board”) and certain of our officers if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. We maintain directors’ and officers’ (D&O) insurance coverage to protect against such losses. We have not historically incurred any losses related to these types of indemnifications, and are not aware of any pending or threatened actions or claims against any officer or member of our Board. As a result, we have not recorded any liabilities related to such indemnifications as of September 30, 2016. 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.

Income Taxes. Our U.S. federal income tax returns for the fiscal years ended December 31, 2010 through 2012 are currently under examination by the Internal Revenue Service (IRS). The IRS’ primary focus is on the approximately \$18.1 million of aggregated allowable federal research and experimentation credits utilized by us over the three years under examination. Any subsequent potential adjustments relating to the audits of these fiscal periods could have a material adverse effect on our consolidated results of operations.

7. EARNINGS PER COMMON SHARE

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

No reconciliation of the basic and diluted EPS numerators is necessary as net income is used as the numerators for all periods presented. The reconciliation of the basic and diluted EPS denominators related to the common shares is included in the following table (in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	Basic weighted-average common shares	31,063	30,920	30,922
Dilutive effect of restricted common stock	525	571	620	598
Dilutive effect of 2010 Convertible Notes	706	1,664	1,171	1,454
Dilutive effect of Stock Warrants	345	132	328	102
Diluted weighted-average common shares	32,639	33,287	33,041	33,241

The Convertible Notes have a dilutive effect only in those quarterly periods in which our average stock price exceeds the current effective conversion price (see Note 4).

The Stock Warrants have a dilutive effect only in those quarterly periods in which our average stock price exceeds the exercise price of \$26.68 per warrant (under the treasury stock method), and are not subject to performance vesting conditions (see Note 8).

Potentially dilutive common shares related to non-participating unvested restricted stock excluded from the computation of diluted EPS, as the effect was antidilutive, were not material in any period presented.

8. STOCKHOLDERS’ EQUITY AND EQUITY COMPENSATION PLANS

Stock Repurchase Program. We currently have a stock repurchase program, approved by our Board, authorizing us to repurchase our common stock from time-to-time as market and business conditions warrant (the “Stock Repurchase Program”). During the nine months ended September 30, 2016 and 2015 we repurchased 0.3 million shares of our common stock for \$9.5 million (weighted-average price of \$36.07 per share) and 0.3 million shares of our common stock for \$7.0 million (weighted-average price of \$27.06 per share), respectively, under a SEC Rule 10b5-1 Plan.

As of September 30, 2016, the total remaining number of shares available for repurchase under the Stock Repurchase Program totaled 6.8 million shares.

Stock Repurchases for Tax Withholdings. In addition to the above mentioned stock repurchases, during the nine months ended September 30, 2016 and 2015, we repurchased and then cancelled 0.3 million shares of common stock for \$13.0 million and 0.3 million shares of common stock for \$8.0 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plans.

Cash Dividends. During the third quarter of 2016, the Board approved a quarterly cash dividend of \$0.185 per share of common stock, totaling \$6.0 million. During the third quarter of 2015, the Board approved a quarterly cash dividend of \$0.175 per share of common stock, totaling \$5.7 million. Dividends declared for the nine months ended September 30, 2016 and 2015 totaled \$18.0 million and \$17.2 million, respectively.

Warrants. In 2014, in conjunction with the execution of an amendment to our current agreement with Comcast Corporation (“Comcast”), we issued stock warrants (the “Warrant Agreement”) for the right to purchase up to approximately 2.9 million shares of our common stock (the “Stock Warrants”) as an additional incentive for Comcast to convert customer accounts onto our Advanced Convergent Platform (“ACP”) based on various milestones. The Stock Warrants have a 10-year term and an exercise price of \$26.68 per warrant. As of September 30, 2016, approximately 1.0 million Stock Warrants have vested.

Upon vesting, the Stock Warrants are recorded as a client incentive asset with the corresponding offset to stockholders’ equity. The client incentive asset related to the Stock Warrants is amortized as a reduction in cloud and related solutions revenues over the remaining term of the Comcast amended agreement. As of September 30, 2016, we recorded a client incentive asset related to these Stock Warrants of \$7.3 million and have amortized \$3.1 million as a reduction in cloud and related solutions revenues.

In October 2016, following Comcast’s most recent migration of customer accounts to ACP, a cumulative total of 5.8 million customer accounts have been migrated to ACP since the inception of the Warrant Agreement triggering another milestone for the Stock Warrants vesting. As such, under the terms of the Warrant Agreement, approximately 0.5 million Stock Warrants vested at that time.

The remaining unvested Stock Warrants will be accounted for as client incentive assets in the period the performance conditions necessary for vesting have been met. As of September 30, 2016, none of the Stock Warrants had been exercised.

Stock-Based Awards. A summary of our unvested restricted common stock activity during the third quarter and nine months ended is as follows (shares in thousands):

	Quarter Ended September 30, 2016		Nine Months Ended September 30, 2016	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, beginning	1,744	\$ 30.51	2,124	\$ 26.03
Awards granted	39	42.47	523	39.06
Awards forfeited/cancelled	(116)	31.04	(278)	29.63
Awards vested	(230)	27.09	(932)	24.08
Unvested awards, ending	1,437	\$ 31.34	1,437	\$ 31.34

Included in the awards granted during the nine months ended September 30, 2016 are performance-based awards for 0.1 million restricted common stock shares issued to members of executive management, which vest in equal installments over three years upon meeting either pre-established financial performance objectives or pre-established total shareholder return objectives. The performance-based awards become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment.

All other restricted common stock shares granted during the quarter and nine months ended September 30, 2016 are time-based awards, which vest annually primarily over four years with no restrictions other than the passage of time. Certain shares of the restricted common stock become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment.

We recorded stock-based compensation expense for the third quarters of 2016 and 2015 of \$5.2 million and \$5.3 million, respectively, and for the nine months ended September 30, 2016 and 2015 of \$17.3 million and \$15.8 million, respectively.

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

The information contained in this MD&A should be read in conjunction with the Financial Statements and Notes thereto included in this Form 10-Q and the audited consolidated financial statements and notes thereto in our 2015 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 of this report and in Part I Item 1A. Risk Factors of our 2015 10-K. Readers are strongly encouraged to review those sections closely in conjunction with MD&A.

Company Overview

We are one of the world's largest and most established business support solutions providers primarily serving the communications industry. Our proven approach and solutions are based on our broad and deep experience in serving clients in the communications industry as their businesses have evolved from a single product offering to a highly complex, highly competitive, multi-product service offering. Our approach has centered on using the best technology for the various functions required to provide world-class solutions.

Our solutions help service providers streamline and scale operations, introduce and adapt products and services to meet changing consumer demands, and address the challenges and opportunities of a dynamically evolving global business environment. Our broad suite of solutions helps our clients improve their business operations by creating more compelling product offerings and an enhanced customer experience through more relevant and targeted interactions, while at the same time, more efficiently managing the service provider's cost structure. Over the years, we have focused our research and development ("R&D") and acquisition investments on expanding our solution set to address the ever expanding needs of communications service providers to provide a differentiated, real-time, and personal experience for their consumers. This extensive suite of solutions includes revenue management, digital services management and monetization, and customer interaction management platforms.

We generate approximately 70% of our revenues from the North American cable and satellite markets, approximately 20% of our revenues from wireline and wireless communication providers, and the remainder from a variety of other verticals, such as financial services, logistics, and transportation. Additionally, during the nine months ended September 30, 2016 we generated approximately 86% of our revenues from the Americas region, approximately 9% of our revenues from the Europe, Middle East and Africa region, and approximately 5% of our revenues from the Asia Pacific region.

We are a S&P Small Cap 600 company.

Management Overview of Quarterly Results

Third Quarter Highlights. A summary of our results of operations for the third quarter of 2016, when compared to the third quarter of 2015, is as follows (in thousands, except per share amounts and percentages):

	Quarter Ended	
	September 30, 2016	September 30, 2015
Revenues	\$ 189,311	\$ 186,960
Operating Results:		
Operating income	36,598	31,021
Operating income margin	19.3%	16.6%
Diluted EPS	\$ 0.55	\$ 0.50
Supplemental Data:		
Restructuring and reorganization charges	\$ (185)	\$ 846
Stock-based compensation (1)	5,364	5,387
Amortization of acquired intangible assets	2,116	3,049
Amortization of OID	1,062	1,576
Loss on repurchase of convertible notes	332	—

- (1) Stock-based compensation included in the table above excludes amounts that have been recorded in restructuring and reorganization charges.

Revenues. Our revenues for the third quarter of 2016 were \$ 189.3 million, a 1 % increase when compared to revenues of \$ 187.0 million for the third quarter of 2015. The year-over-year increase in revenues can be primarily attributed to the growth in our cloud and related solutions revenues, resulting primarily from the conversion of customer accounts onto ACP over the past year, which more than offset the decline in our software and services revenues.

Operating Results. Operating income for the third quarter of 2016 was \$36.6 million, or a 19.3% operating income margin percentage, compared to \$31.0 million, or a 16.6% operating income margin percentage for the third quarter of 2015, with the increase mainly attributed to the scale benefits from adding more customer accounts to our cloud solutions, and operational cost improvements.

Diluted EPS. Diluted EPS for the third quarter of 2016 was \$0.55 compared to \$0.50 for the third quarter of 2015, with the increase mainly due to the higher operating income margin, discussed above.

Cash and Cash Flows. As of September 30, 2016, we had cash, cash equivalents and short-term investments of \$266.1 million, as compared to \$286.7 million as of June 30, 2016 and \$240.9 million as of as of December 31, 2015. Our cash flows from operating activities for the quarter ended September 30, 2016 were \$8.7 million, and were negatively impacted by the increase in accounts receivable, primarily related to the timing around certain recurring client payments that were delayed at quarter-end. See the Liquidity section below for further discussion of our cash flows.

Significant Client Relationships

Charter/Time Warner Transaction. In May 2016, Charter Communications, Inc. (“Charter”), our then fourth largest client, received final approval from regulators and closed on its acquisition of Time Warner Cable, Inc. (“Time Warner”), which was previously our third largest client.

Consequently, the Time Warner customer accounts currently being serviced by us are now owned by Charter. As a result, Charter now receives more favorable volume-tier pricing terms due to the larger, combined business with us. The anticipated negative effect on our 2016 revenue and profitability from this more favorable volume-tier pricing (post acquisition), is estimated to be approximately \$5 million. Although there are no assurances, we may have the opportunity to offset some or all of this reduction in revenues with future, additional business from Charter.

Subsequent to this acquisition, Charter is our second largest client.

Client Concentration. A large percentage of our historical revenues have been generated from our largest clients, which are Comcast, DISH Network Corporation (“DISH”), and now the combined Charter/Time Warner entity. To provide a consistent basis of comparison, the Charter and Time Warner revenues and accounts receivable balances are combined in the following tables for all periods prior to the acquisition without adjustment.

Revenues from these clients represented the following percentages of our total revenues for the indicated periods:

	Quarter Ended		
	September 30, 2016	June 30, 2016	September 30, 2015
Comcast	27%	25%	24%
Charter/Time Warner (combined for all periods)	21%	22%	21%
DISH	13%	14%	14%

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

	As of		
	September 30, 2016	June 30, 2016	December 31, 2015
Comcast	24%	25%	30%
Charter/Time Warner (combined for all periods)	26%	14%	13%
DISH	11%	13%	13%

See our 2015 10-K for additional discussion of our business relationships and contractual terms with Comcast, DISH, and Time Warner.

Risk of Client Concentration. We expect to continue to generate a significant percentage of our future revenues from our largest clients mentioned above. There are inherent risks whenever a large percentage of total revenues are concentrated with a limited

number of clients. 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 solutions, the price paid for our services, or the scope of services that we provide; or (iii) experience significant financial or operating difficulties, it could have a material adverse effect on our financial condition and results of operations.

Critical Accounting Policies

The preparation of our Financial Statements in conformity with 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 position and the results of our operations. Those critical accounting policies were determined by considering the accounting policies that involve the most complex or subjective decisions or assessments. The most critical accounting policies identified relate to the following items: (i) revenue recognition; (ii) impairment assessments of goodwill and other long-lived assets; (iii) income taxes; and (iv) loss contingencies. These critical accounting policies, as well as our other significant accounting policies, are discussed in our 2015 10-K.

Results of Operations

Total Revenues. Total revenues for the: (i) third quarter of 2016 were \$189.3 million, a 1% increase when compared to \$187.0 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 were \$565.8 million, a 2% increase when compared to \$555.2 million for the nine months ended September 30, 2015. The year-over-year increases in revenues can be primarily attributed to continued growth in our cloud and related solutions revenues, which more than offset the decline in our software and services revenues.

The components of total revenues, discussed in more detail below, are as follows (in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Cloud and related solutions	\$ 151,217	\$ 143,887	\$ 451,023	\$ 429,009
Software and services	18,634	23,231	58,964	68,301
Maintenance	19,460	19,842	55,802	57,922
Total revenues	\$ 189,311	\$ 186,960	\$ 565,789	\$ 555,232

We use the location of the client as the basis of attributing revenues to individual countries. Revenues by geographic regions for the third quarters and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Americas (principally the U.S.)	\$ 162,985	\$ 157,246	\$ 487,373	\$ 469,633
Europe, Middle East, and Africa	17,893	19,842	49,911	57,962
Asia Pacific	8,433	9,872	28,505	27,637
Total revenues	\$ 189,311	\$ 186,960	\$ 565,789	\$ 555,232

Cloud and Related Solutions Revenues. Cloud and related solutions revenues for the (i) third quarter of 2016 were \$151.2 million, a 5% increase when compared to \$143.9 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 were \$451.0 million, a 5% increase when compared to \$429.0 million for the nine months ended September 30, 2015. The increases in cloud and related solutions revenues are due primarily to the conversion of customer accounts onto ACP, to include adding approximately two million customer accounts onto ACP during the second half of 2015, an additional 600,000 during the second quarter of 2016, and approximately one million during the third quarter of 2016.

Software and Services Revenues. Software and services revenues for the: (i) third quarter of 2016 were \$18.6 million, a 20% decrease when compared to \$23.2 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 were \$59.0 million, a 14% decrease when compared to \$68.3 million for the nine months ended September 30, 2015. The decrease in software and services revenues can be attributed mainly to continued low market demand for large transformational software and service deals.

Maintenance Revenues. Maintenance revenues for the: (i) third quarter of 2016 were \$ 19.5 million, a slight decrease when compared to \$ 19.8 million for the third quarter of 2015 ; and (ii) nine months ended September 30, 2016 were \$ 55.8 million, a 4 % decrease when compared to \$ 57.9 million for the nine months ended September 30, 2015 . These variances are due mainly to foreign currency movements along with the timing of maintenance renewals and related revenue recognition.

Total Expenses. Our operating expenses for the: (i) third quarter of 2016 were \$152.7 million, a 2% decrease when compared to \$155.9 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 were \$458.5 million, a 4% decrease when compared to \$476.2 million for the nine months ended September 30, 2015. The year-over-year decreases in total expenses are mainly due to the cost savings initiatives we began to implement in early 2015, and favorable foreign currency movements.

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

Cost of Revenues. See our 2015 10-K for a description of the types of costs that are included in the individual line items for cost of revenues.

Cost of Cloud and Related Solutions (Exclusive of Depreciation). The cost of cloud and related solutions for the: (i) third quarter of 2016 increased 4% to \$70.2 million, from \$67.4 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 increased 3% to \$206.6 million, from \$201.5 million for the nine months ended September 30, 2015. These cost increases are reflective of the increases we experienced in revenues and are primarily due to increased ACP data processing costs and the reassignment of personnel and the related costs from other areas of the business to client directed and funded work on our ACP platform. Total cloud and related solutions cost as a percentage of cloud and related solutions revenues for the: (i) third quarters of 2016 and 2015 were 46.4% and 46.9%, respectively; and (ii) nine months ended September 30, 2016 and 2015 were 45.8% and 47.0%, respectively.

Cost of Software and Services (Exclusive of Depreciation). The cost of software and services for the: (i) third quarter of 2016 decreased 20% to \$12.2 million, from \$15.2 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 decreased 30% to \$37.1 million, from \$52.9 million for the nine months ended September 30, 2015. These decreases are mainly due to targeted efficiencies and cost improvements within our professional services practice. Additionally, a large portion of the year-to-date decrease can be attributed to a \$5 million provision recorded in the first quarter of 2015 for estimated cost overruns related to a large software and services implementation project (substantially completed in the third quarter of 2016). Total software and services cost as a percentage of our software and services revenues for the: (i) third quarters of 2016 and 2015 were 65.6% for both periods; and (ii) nine months ended September 30, 2016 and 2015 were 62.8% and 77.5%, respectively.

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 solutions. 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 cost of software and services as a percentage of our software and services revenues will likely occur between periods.

Cost of Maintenance (Exclusive of Depreciation). The cost of maintenance for the: (i) third quarter of 2016 was \$11.0 million, a 16% increase when compared to \$9.5 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 was \$32.1 million, a 7% increase when compared to \$29.9 million for the nine months ended September 30, 2015. These increases can be primarily attributed to the reassignment of personnel and the related costs to maintenance projects from other projects, and an increase in third party maintenance costs. Total cost of maintenance as a percentage of our maintenance revenues for the: (i) third quarters of 2016 and 2015 were 56.7% and 47.9%, respectively; and (ii) nine months ended September 30, 2016 and 2015 were 57.4% and 51.6%, respectively.

R&D Expense. R&D expense for the: (i) third quarter of 2016 decreased 5% to \$23.6 million, from \$24.9 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 decreased 7% to \$71.5 million, from \$76.6 million for the nine months ended September 30, 2015, with the decrease primarily attributed to the reassignment of personnel and the related costs previously allocated to development projects to other areas of the business. As a percentage of total revenues, R&D expense for the third quarters of 2016 and 2015 was 12.5% and 13.3%, respectively.

Our R&D efforts are focused on the continued evolution of our solutions that enable service providers worldwide to provide a more personalized customer experience while introducing new digital products and services. This includes the continued investment in our business support solutions aimed at improving a providers' time-to-market for new offerings, flexibility, scalability, and total cost of ownership. While we expect our R&D focus in the near-term will be relatively consistent with previous quarters, we anticipate the level of R&D investment to trend up, consistent with the opportunities that we see in our markets.

SG&A Expense. SG&A expense for the: (i) third quarter of 2016 was \$32.5 million, a 5% decrease when compared to \$34.2 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 was \$101.5 million, a 1% decrease when compared to \$102.3

million for the nine months ended September 30, 2015. These decreases are reflective of the restructuring activities we have undertaken over the past year, our focus on cost management, and foreign currency movements. Our SG&A costs as a percentage of total revenues for the third quarters of 2016 and 2015 were 17.2 % and 18.3 %, respectively.

Restructuring and Reorganization Charges. Restructuring and reorganization charges for the: (i) third quarters of 2016 and 2015 were \$(0.2) million and \$0.8 million, respectively; and (ii) nine months ended September 30, 2016 and 2015 were \$(0.6) million and \$1.8 million, respectively. For the nine months ended September 30, 2016, we incurred restructuring and reorganization charges due to an organizational realignment completed during the second quarter of 2016, which were offset by the gain on the sale of our cyber-security business marketed under the Invotas brand. During 2015, we sold Invotas to certain former management personnel, and in February 2016, the business was acquired by a third-party. As a result, we received additional consideration which was contingent upon a liquidation event, resulting in an additional gain on the sale of \$6.6 million, which reduced our restructuring and reorganization charges for the nine months ended September 30, 2016.

The restructuring activities during the second quarter of 2016 were focused mainly on improving our organizational and management structure to align with our longer-term strategy, and resulted in the elimination of approximately 60 positions during the quarter. The ongoing savings from these actions will be reinvested back into the business during the remainder of 2016.

Operating Income. Operating income for the: (i) third quarter of 2016 was \$36.6 million, or 19.3% of total revenues, compared to \$31.0 million, or 16.6% of total revenues for the third quarter of 2015; and (ii) nine months ended September 30, 2016 was \$107.3 million, or 19.0% of total revenues, compared to \$79.1 million, or 14.2% of total revenues for the nine months ended September 30, 2015. The increases in operating income and operating income margin percentage for both the quarter and year-to-date can be mainly attributed to the overall reduction in operating expenses as discussed above, and to a lesser degree, the scale benefits from adding more customer accounts to our cloud solutions and higher revenues.

At this time, we expect our operating income and operating margin percentage to trend downward over the next several quarters from our current level, as we look to increase our strategic investments in R&D, our go-to-market programs, and the operating environments for our cloud solutions (e.g., resiliency, security, etc.).

Interest Expense. Interest expense for the: (i) third quarter of 2016 was \$4.4 million, a \$1.9 million increase from \$2.5 million for the third quarter of 2015; and (ii) nine months ended September 30, 2016 was \$11.9 million, a \$3.5 million increase when compared to \$8.4 million for the nine months ended September 30, 2015. These increases are primarily due to the interest on the 2016 Convertible Notes, which were issued in March 2016, discussed below.

Loss on Repurchase of Convertible Notes. During the third quarter of 2016, we repurchased \$9.1 million aggregate principal amount of our 2010 Convertible Notes for an aggregated purchase price of \$17.3 million and recognized a loss on the repurchase of \$0.3 million. For the nine months ended September 30, 2016, we have purchased \$115.3 million aggregate principal amount of the 2010 Convertible Notes for an aggregated purchase price of \$215.7 million and recognized a loss on the repurchases of \$8.7 million.

Income Tax Provision. The effective income tax rates for the third quarters and nine months ended September 30, 2016 and 2015 were as follows:

Quarter Ended September 30,		Nine Months Ended September 30,	
2016	2015	2016	2015
41%	40%	38%	42%

The quarter and nine months ended September 30, 2015 effective income tax rate excluded any benefits from R&D tax credits, as Congressional approval for this program was not passed until the fourth quarter of 2015.

For the full-year 2016 we are currently estimating an effective income tax rate of approximately 37%.

Our U.S. federal income tax returns for the fiscal years ended December 31, 2010 through 2012 are currently under examination by the IRS. The IRS' primary focus is on the approximately \$18.1 million of aggregated allowable federal research and experimentation credits utilized by us over the three years under examination. Any subsequent potential adjustments relating to the audits of these fiscal periods could have a material adverse effect on our consolidated results of operations.

Liquidity

Cash and Liquidity

As of September 30, 2016, our principal sources of liquidity included cash, cash equivalents, and short-term investments of \$266.1 million as compared to \$286.7 million as of June 30, 2016 and \$240.9 million as of December 31, 2015. We generally invest our excess cash balances in low-risk, short-term investments to limit our exposure to market and credit risks.

As part of our 2015 Credit Agreement, we have a \$200 million senior secured revolving loan facility with a syndicate of financial institutions that expires in February 2020. As of September 30, 2016, there were no borrowings outstanding on the 2015 Revolver. The 2015 Credit Agreement contains customary affirmative covenants and financial covenants. As of September 30, 2016, and the date of this filing, we believe that we are in compliance with the provisions of the 2015 Credit Agreement.

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

	September 30, 2016	December 31, 2015
Americas (principally the U.S.)	\$ 210,912	\$ 199,117
Europe, Middle East and Africa	46,938	36,396
Asia Pacific	8,288	5,423
Total cash, equivalents and short-term investments	<u>\$ 266,138</u>	<u>\$ 240,936</u>

We generally have ready access to substantially all of our cash, cash equivalents, and short-term investment balances, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls. As of September 30, 2016, we had \$4.3 million of cash restricted as to use primarily to collateralize outstanding letters of credit.

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 or non-operating activity (e.g., depreciation, amortization, amortization of OID, impairments, deferred income taxes, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities. See our 2015 10-K for a description of the primary uses and sources of our cash flows from operating activities.

Our 2016 and 2015 net cash flows from operating activities, broken out between operations and changes in operating assets and liabilities, for each of the three quarters ended are as follows (in thousands):

	Operations	Changes in Operating Assets and Liabilities	Net Cash Provided by Operating Activities – Totals
Cash Flows from Operating Activities:			
2016			
March 31	\$ 36,755	\$ (26,081)	\$ 10,674
June 30	28,880	11,211	40,091
September 30	31,309	(22,568)	8,741
Total	<u>\$ 96,944</u>	<u>\$ (37,438)</u>	<u>\$ 59,506</u>
2015			
March 31	\$ 26,193	\$ (7,257)	\$ 18,936
June 30	26,770	12,806	39,576
September 30	33,187	(7,353)	25,834
Total	<u>\$ 86,150</u>	<u>\$ (1,804)</u>	<u>\$ 84,346</u>

Cash flows from operating activities for the first quarter of 2016 and 2015 reflect the negative impacts of the payment of the 2015 and 2014 year-end accrued employee incentive compensation in the first quarter subsequent to the year-end accrual for these items. In addition, cash flows from operations for the first quarter of 2016 were negatively impacted by a prospective change in the timing of payment terms for a key vendor related to postage costs. For the third quarter of 2016, cash flows from operating activities were

negatively impacted by the increase in the accounts receivable balance primarily related to the timing around certain recurring client payments that were delayed at quarter-end .

We believe the above table illustrates our ability to generate recurring quarterly cash flows from our operations, and the importance of managing our working capital items. The variations in our net cash provided by operating activities are related mostly to the changes in our operating assets and liabilities (related mostly to fluctuations in timing at quarter-end of client payments and changes in accrued expenses), and generally over longer periods of time, do not significantly impact our cash flows from operations.

Significant fluctuations in key operating assets and liabilities between 2016 and 2015 that impacted our cash flows from operating activities are as follows:

Billed Trade Accounts Receivable

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

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

<u>Quarter Ended</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net Billed</u>	<u>DBOs</u>
2016:				
March 31	\$ 185,297	\$ (3,647)	\$ 181,650	61
June 30	182,640	(3,726)	178,914	63
September 30	204,516	(2,906)	201,610	69
2015:				
March 31	\$ 183,283	\$ (3,187)	\$ 180,096	64
June 30	176,206	(3,937)	172,269	65
September 30	181,225	(3,878)	177,347	62

The increase in gross and net billed accounts receivable at September 30, 2016 is primarily related to the timing around certain recurring client payments that were delayed at quarter-end, thus negatively impacting our DBO for the third quarter of 2016.

As a global provider of software and professional services, a portion of our accounts receivable balance relates to clients outside the U.S. As a result, this diversity in the geographic composition of our client base may adversely impact our DBOs as longer billing cycles (i.e., billing terms and cash collection cycles) are an inherent characteristic of international software and professional services transactions. For example, our ability to bill (i.e., send an invoice) and collect arrangement fees may be dependent upon, among other things: (i) the completion of various client administrative matters, local country billing protocols and processes (including local cultural differences), and/or non-client administrative matters; (ii) us meeting certain contractual invoicing milestones; or (iii) the overall project status in certain situations in which we act as a subcontractor to another vendor on a project.

Unbilled Trade Accounts Receivable

Revenue earned and recognized prior to the scheduled billing date of an item is reflected as unbilled accounts receivable. Our unbilled accounts receivable as of the end of the indicated periods are as follows (in thousands):

	<u>2016</u>	<u>2015</u>
March 31	\$ 39,236	\$ 44,281
June 30	34,518	47,216
September 30	33,934	46,795

The unbilled accounts receivable balances above are primarily the result of several transactions with various milestone and contractual billing dates which have not yet been reached. Unbilled accounts receivable are an inherent characteristic of certain software and professional services transactions and may fluctuate between quarters, as these type of transactions typically have scheduled invoicing terms over several quarters, as well as certain milestone billing events.

Trade Accounts Payable

Trade accounts payable decreased \$18.1 million to \$25.3 million as of September 30, 2016, from \$43.4 million as of December 31, 2015, due primarily to a prospective change in the timing of payment terms for a key vendor related to postage costs and normal fluctuations in the timing of payments.

Deferred Revenue

Deferred revenue (current and non-current) increased \$5.0 million to \$56.7 million as of December 31, 2015, from \$51.7 million as of December 31, 2015, primarily as a result of annual recurring services that are typically billed in the first half of each year.

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.

Purchases/Sales of Short-term Investments. For the nine months ended September 30, 2016 and 2015, we purchased \$122.7 million and \$107.5 million, respectively, and sold (or had mature) \$107.8 million and \$127.8 million, respectively, of short-term investments. We continually evaluate the appropriate mix of our investment of excess cash balances between cash equivalents and short-term investments in order to maximize our investment returns and will likely purchase and sell additional short-term investments in the future.

Property and Equipment/Client Contracts. Our capital expenditures for the nine months ended September 30, 2016 and 2015, for property and equipment, and investments in client contracts were as follows (in thousands):

	Nine Months Ended	
	September 30,	
	2016	2015
Property and equipment	\$ 11,542	\$ 16,776
Client contracts	6,038	6,374

Our property and equipment expenditures for these periods consisted principally of investments in: (i) computer hardware, software, and related equipment; and (ii) statement production equipment.

Our investments in client contracts for the nine months ended September 30, 2016 and 2015 relate primarily to client incentive payments (\$1.5 million and \$1.5 million, respectively), and the deferral of costs related to conversion/set-up services provided under long-term service contracts (\$4.5 million and \$4.9 million, respectively).

Proceeds from the Disposition of Business Operations. During the nine months ended September 30, 2016, we received additional cash proceeds totaling \$8.9 million related to the sale of our cybersecurity business marketed under the InvoTas brand. The proceeds were contingent on a liquidation event, as defined in the sale agreement.

Cash Flows From Financing Activities

Our financing activities typically consist of activities associated with our common stock and our long-term debt.

Cash Dividends Paid on Common Stock. During the nine months ended September 30, 2016 and 2015, the Board approved dividend payments totaling \$18.0 million and \$17.2 million, respectively. During the nine months ended September 30, 2016 and 2015, we paid dividends of \$18.3 million and \$16.8 million, respectively (with the additional amounts attributed to dividends for incentive shares paid upon vesting).

Repurchase of Common Stock. During the nine months ended September 30, 2016 and 2015, we repurchased approximately 0.3 million shares of our common stock during each period under the guidelines of our Stock Repurchase Program for \$9.5 million and \$7.0 million, respectively. Additionally, in the first quarter of 2015, we entered into an ASR Agreement to repurchase \$50 million of our common stock, which was paid to a counterparty in March 2015.

Outside of our Stock Repurchase Program, during the nine months ended September 30, 2016 and 2015, we repurchased from our employees and then cancelled approximately 0.3 million of our common stock during each period for \$13.0 million and \$8.0 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plans.

Long-term Debt. During the nine months ended September 30, 2016, we completed an offering of \$230 million of 4.25% senior subordinated convertible notes due March 15, 2036 (the “2016 Convertible Notes”), paid \$6.7 million of deferred financing costs, and repurchased \$ 115.3 million aggregate principal amount of the 2010 Convertible Notes for a total purchase price of \$ 215.7 million.

During the nine months ended September 30, 2015, we amended our 2012 Credit Agreement and as a result, we repaid the outstanding principal balance of \$120.0 million and borrowed \$150.0 million under the 2015 Credit Agreement, resulting in a net increase of available cash of \$30 million. As part of the refinancing, we paid \$2.7 million of deferred financing costs.

Additionally, during the nine months ended September 30, 2016 and 2015, we made principal repayments of \$5.6 million during each period, respectively. See Note 4 to our Financial Statements for additional discussion of our long-term debt.

Capital Resources

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

Current Sources of Capital Resources.

- **Cash, Cash Equivalents and Short-term Investments.** As of September 30, 2016, we had cash, cash equivalents, and short-term investments of \$266.1 million, of which approximately 76% is in U.S. Dollars and held in the U.S. We have \$4.3 million of restricted cash, used primarily to collateralize outstanding letters of credit. For the remainder of the monies denominated in foreign currencies and/or located outside the U.S., we do not anticipate any material amounts being unavailable for use in running our business.

In March 2016, we made the decision to refinance our 2010 Convertible Notes with the issuance of \$230 million dollars of the 2016 Convertible Notes. To date, we have used \$216 million of the proceeds from the 2016 Convertible Notes to repurchase close to 77% of our previously outstanding aggregate principal amount of the 2010 Convertible Notes. We will continue to monitor and evaluate how best to settle this remaining aggregate principal amount, which had a settlement value of approximately \$58 million on October 31, 2016 and a maturity date of March 1, 2017.

- **Operating Cash Flows.** As described in the Liquidity section above, we believe we have the ability to generate strong cash flows to fund our operating activities and act as a source of funds for our capital resource needs.
- **Revolving Loan Facility.** As of September 30, 2016, we had a \$200 million revolving loan facility, the 2015 Revolver, with a syndicate of financial institutions. As of September 30, 2016, we had no borrowing outstanding on our 2015 Revolver and had the entire \$200 million available to us. The 2015 Credit Agreement provides us with additional capital capacity, and greater flexibility to manage our capital structure over the next five years. Our long-term debt obligations are discussed in more detail in Note 4 to our Financial Statements.

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

- **Common Stock Repurchases.** We have made repurchases of our common stock in the past under our Stock Repurchase Program. As of September 30, 2016, we had 6.8 million shares authorized for repurchase remaining under our Stock Repurchase Program. Our 2015 Credit Agreement places certain limitations on our ability to repurchase our common stock.
During the nine months ended September 30, 2016, we repurchased 0.3 million shares of our common stock for \$9.5 million (weighted-average price of \$36.07 per share).
Under our Stock Repurchase Program, we may repurchase shares in the open market or a privately negotiated transaction, including through an ASR plan or under a SEC Rule 10b5-1 plan. The actual timing and amount of the share repurchases will be dependent on the then current market conditions and other business-related factors. Our common stock repurchases are discussed in more detail in Note 8 to our Financial Statements.
- **Cash Dividends.** During the nine months ended September 30, 2016, the Board declared dividends totaling \$18.0 million. Going forward, we expect to pay cash dividends each year in March, June, September, and December, with the amount and timing subject to the Boards’ approval.
- **Acquisitions.** As part of our growth strategy, we are continually evaluating potential business and/or asset acquisitions and investments in market share expansion with our existing and potential new clients.

- Capital Expenditures. During the nine months ended September 30, 2016, we spent \$ 11.5 million on capital expenditures. At this time, we expect our 2016 capital expenditures to be relatively consistent with that of 2015. As of September 30, 2016, we have made no significant capital expenditure commitments.
- Investments in Client Contracts. In the past, we have provided incentives to new or existing clients to convert their customer accounts to, or retain their customer's accounts on, our customer care and billing solutions. During the nine months ended September 30, 2016, we made investments in client contracts of \$6.0 million. As of September 30, 2016, we had commitments to make approximately \$1.6 million of client incentive payments in 2016.

We have issued stock warrants to Comcast (the "Warrant Agreement") for the right to purchase up to approximately 2.9 million shares of our common stock (the "Stock Warrants") as an additional incentive for Comcast to convert customer accounts to ACP. Once vested, Comcast may exercise the Stock Warrants and elect either physical delivery of common shares or net share settlement (cashless exercise). Alternatively, the exercise of the Stock Warrants may be settled with cash based solely on our approval, or if Comcast were to beneficially own or control in excess of 19.99% of the common stock or voting of the Company. As of September 30, 2016, approximately 1 million Stock Warrants had vested based on the terms of the Warrant Agreement, and none of these Stock Warrants have been exercised to date. In October 2016, approximately 0.5 million Stock Warrants vested based on the terms of the Warrant Agreement. The Stock Warrants are discussed in more detail in Note 8 to our Financial Statements.

- Long-Term Debt. As discussed above, in March 2016, we completed an offering of \$230 million of 4.25% senior subordinated convertible notes due March 15, 2036 (the 2016 Convertible Notes). As of September 30, 2016, our long-term debt consisted of the following: (i) 2016 Convertible Notes with a par value of \$230 million; (ii) 2010 Convertible Notes with a par value of \$34.7 million; and (iii) 2015 Credit Agreement term loan borrowings of \$136.9 million.

2016 Convertible Notes

The net proceeds from the sale of the 2016 Convertible Notes were approximately \$223 million after deducting the initial purchasers' discount and estimated financing costs payable by us. As of September 30, 2016, we have repurchased approximately \$115 million aggregate principal amount of our 2010 Convertible Notes for a total purchase price of approximately \$216 million with the net proceeds from the offering of the 2016 Convertible Notes. After these repurchases, the remaining aggregate principal outstanding on the 2010 Convertible Notes is \$34.7 million. The remainder of the net proceeds will be used to settle the outstanding 2010 Convertible Notes.

During the next twelve months, there are no scheduled conversion triggers on our 2016 Convertible Notes. As a result, we expect our required debt service cash outlay during the next twelve months for the 2016 Convertible Notes to be limited to interest payments of \$9.8 million.

2010 Convertible Notes

On or after September 1, 2016, holders of the 2010 Convertible Notes can elect to convert their securities at any time with settlement occurring on March 1, 2017. Upon any conversion of the 2010 Convertible Notes, we will settle our conversion obligation as follows: (i) we are required to pay cash for 100% of the par value of the 2010 Convertible Notes that are converted; and (ii) to the extent the value of our conversion obligation exceeds the par value, we can satisfy the remaining conversion obligation in our common stock, cash or any combination of our common stock and cash, at our discretion. As of October 31, 2016 and based on our October 31, 2016 closing stock price of \$38.03 per share, the \$34.7 million principal amount of the 2010 Convertible Notes would have had a total settlement value of approximately \$58 million.

If none of the 2010 Convertible Notes are converted prior to maturity, we expect our debt service cash outlay for the next twelve months for the 2010 Convertible Notes will be \$0.5 million of interest payments, with the remaining aggregate principal of \$34.7 million due March 1, 2017.

2015 Credit Agreement

Our 2015 Credit Agreement mandatory repayments and the cash interest expense (based upon current interest rates) for the next twelve months is \$13.1 million, and \$4.0 million, respectively. We have the ability to make prepayments on our 2015 Credit Agreement without penalty.

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

In summary, we expect to continue to have material needs for capital resources going forward, as noted above. We believe that our current cash, cash equivalents and short-term investments balances and our 2015 Revolver, together with cash expected to be generated in the future from our current operating activities, will be sufficient to meet our anticipated capital resource requirements for at least the next 12 months. We also believe we could obtain additional capital through other debt sources which may be available to us if deemed appropriate.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices. As of September 30, 2016, we are exposed to various market risks, including changes in interest rates, fluctuations and changes in the market value of our cash equivalents and short-term investments, and changes in foreign currency exchange rates. We have not historically entered into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

Long-Term Debt. The interest rates on our 2016 Convertible Notes and our 2010 Convertible Notes are fixed, and thus, as it relates to our convertible debt borrowings, we are not exposed to changes in interest rates.

The interest rates under our 2015 Credit Agreement are based upon an adjusted LIBOR rate plus an applicable margin, or an alternate base rate plus an applicable margin. Refer to Note 4 to our Financial Statements for further details of our long-term debt.

A hypothetical adverse change of 10% in the September 30, 2016 adjusted LIBOR rate would not have had a material impact upon our results of operations.

Market Risk

Cash Equivalents and Short-term Investments. Our cash and cash equivalents as of September 30, 2016 and December 31, 2015 were \$140.2 million and \$132.6 million, respectively. Certain of our cash balances are “swept” into overnight money market accounts on a daily basis, and at times, any excess funds are invested in low-risk, somewhat longer term, cash equivalent instruments and short-term investments. Our cash equivalents are invested primarily in institutional money market funds, commercial paper, and time deposits held at major banks. We have minimal market risk for our cash and cash equivalents due to the relatively short maturities of the instruments.

Our short-term investments as of September 30, 2016 and December 31, 2015 were \$125.9 million and \$108.3 million, respectively. Currently, we utilize short-term investments as a means to invest our excess cash only in the U.S. The day-to-day management of our short-term investments is performed by a large financial institution in the U.S., using strict and formal investment guidelines approved by our Board. Under these guidelines, short-term investments are limited to certain acceptable investments with: (i) a maximum maturity; (ii) a maximum concentration and diversification; and (iii) a minimum acceptable credit quality. At this time, we believe we have minimal liquidity risk associated with the short-term investments included in our portfolio.

Long-Term Debt. The fair value of our convertible debt is exposed to market risk. We do not carry our convertible debt at fair value but present the fair value for disclosure purposes (see Note 2 to our Financial Statements). Generally, the fair value of our convertible debt is impacted by changes in interest rates and changes in the price and volatility of our common stock. As of September 30, 2016, the fair value of the 2016 Convertible Notes and the 2010 Convertible Notes was estimated at \$251.0 million and \$64.0 million, respectively, using quoted market prices.

Foreign Currency Exchange Rate Risk

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

During the nine months ended September 30, 2016, we generated approximately 90% of our revenues in U.S. dollars. We expect that, in the foreseeable future, we will continue to generate a very large percentage of our revenues in U.S. dollars.

As of September 30, 2016 and December 31, 2015, the carrying amounts of our monetary assets and monetary liabilities on the books of our non-U.S. subsidiaries in currencies denominated in a currency other than the functional currency of those non-U.S. subsidiaries are as follows (in thousands, in U.S. dollar equivalents):

	September 30, 2016		December 31, 2015	
	Monetary Liabilities	Monetary Assets	Monetary Liabilities	Monetary Assets
Pounds sterling	\$ -	\$ 2,401	\$ -	\$ 2,646
Euro	(36)	11,831	(179)	10,063
U.S. Dollar	(169)	21,747	(346)	18,551
Other	(82)	3,209	(53)	3,709
Totals	<u>\$ (287)</u>	<u>\$ 39,188</u>	<u>\$ (578)</u>	<u>\$ 34,969</u>

A hypothetical adverse change of 10% in the September 30, 2016 exchange rates would not have had a material impact upon our results of operations based on the monetary assets and liabilities as of September 30, 2016.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

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

CSG SYSTEMS INTERNATIONAL, INC.
PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

A discussion of our risk factors can be found in Item 1A. Risk Factors in our 2015 Form 10-K. As a result of Charter's acquisition of Time Warner in May 2016, we updated a risk factor in our Quarterly Report on Form 10-Q for the period ended June 30, 2016 ("Q2-16 Form 10-Q") to reflect the impact of this transaction to our business. There were no material changes to the risk factors disclosed in our 2015 Form 10-K and Q2-16 Form 10-Q during the third quarter of 2016.

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 third quarter of 2016 by CSG Systems International, Inc. or any "affiliated purchaser" of CSG Systems International, Inc., as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs (2)
July 1 - July 31	1,156	\$ 40.47	-	6,795,796
August 1 - August 31	70,894	40.90	-	6,795,796
September 1 - September 30	358	43.19	-	6,795,796
Total	<u>72,408</u>	<u>\$ 40.91</u>	<u>-</u>	

- (1) The total number of shares purchased that are not part of the Stock Repurchase Program represents shares purchased and cancelled in connection with stock incentive plans.
- (2) See Note 8 to our Financial Statements for additional information regarding our share repurchases.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

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

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: November 3, 2016

CSG SYSTEMS INTERNATIONAL, INC.

/s/ Bret C. Griess

Bret C. Griess
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Randy R. Wiese

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

/s/ Rolland B. Johns

Rolland B. Johns
Chief Accounting Officer
(Principal Accounting Officer)

CSG SYSTEMS INTERNATIONAL, INC.
INDEX TO EXHIBITS

Exhibit Number	Description
10.23AR*	Fifty-Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AS*	Fifty-Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AT*	Fifty-Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.24BD*	One Hundred Fifth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Charter Communications Holding Company, LLC
10.24BE*	One Hundred Seventh Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Time Warner Cable Inc.
10.24BF*	One Hundred Eighth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Charter Communications Holding Company, LLC.
10.25CD*	Eighty-ninth Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Holding Company, LLC
10.25CE*	Ninety-first Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Holding Company, LLC
10.25CF*	Ninety-second Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Holding Company, LLC
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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* 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.

**FIFTY-SECOND AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
DISH NETWORK L.L.C.**

THIS FIFTY-SECOND AMENDMENT (this "**Amendment**") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("**CSG**"), and **DISH Network L.L.C.**, a Colorado limited liability company ("**Customer**"). This Amendment shall be effective as of the date last signed below (the "**Effective Date**"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (Document #2301656) effective as of January 1, 2010 (the "**Agreement**"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and Customer agree as follows as of the Effective Date:

1. CSG and Customer agree that CSG is no longer required to provide the Sales Portal service, and both parties desire to delete the service from the Agreement. Therefore, **SCHEDULE A**, "Services" of the Agreement is hereby AMENDED by deleting "Sales Portal" from the list of "Additional Services" and **EXHIBIT A-5**, "Additional Services," is hereby AMENDED by deleting the description for Sales Portal and all references to Sales Portal.
2. Pursuant to Section 8 of the Fortieth Amendment to the Agreement, dated February 5, 2014 (Document #2501944) (the "**Fortieth Amendment**"), the CSG InView Statement Archival was added to the Agreement. CSG and Customer now agree to amend the Agreement as follows. **EXHIBIT A-5**, "Additional Services," of the Agreement is hereby AMENDED by deleting the paragraph referencing the CSG InView Statement Archival, as set forth in Section 8 of the Fortieth Amendment, in its entirety and replacing it with the following:

CSG InView Statement Archival. CSG InView Statement Archival is a CSG-hosted, online statement archive solution that will replace Customer's current CD-ROM or DVD Archival for Statements.

- (i) Customer's statements, including, without limitation, statement backers and ad pages, will be generated by CSG in a pdf format within *** (*) **** of statement data receipt and maintained in a CSG data repository. Customer will be able to view and retrieve all of its current subscribers' and disconnected subscribers' archived statements in pdf format. CSG InView Statement Archival permits Customer access to its current and prior statements for its subscribers' and disconnected subscribers' accounts in pdf format dating back to ***** **, *****, subject to the standard purge process after ***** (**) ******, after which time the statement data will be purged and will no longer be accessible to Customer (except as set forth in this subsection (i) below). As promptly as possible following the Effective Date, CSG shall implement the feature OUTFTR-120 "Statement Retention for Charged Off Accounts" in production, which shall ensure that Customer has access to the *** (*) final statements (i.e. ***** (***) statement on or after the account becomes Charged-off and the previous **** (*) ***** of statements) of any and all accounts which Customer, in Customer's sole and absolute discretion, has declared charged off, ** ** **** ** ***** (Customer shall not be invoiced the initial hold fee or any subsequent fee for the charged off statements which exceed the standard ***** (**) ***** retention period). CSG and Customer
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*** **Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.**

acknowledge and agree that the standard ***** (**) ***** retention period may be extended for other types of statements pursuant to a mutually agreed upon Statement of Work between CSG and Customer .

(ii) Upon implementation of CSG InView Statement Archival, pursuant to a Statement of Work therefor executed by the parties, references to “CD-ROM/DVD Archival for Statements” are hereby deleted; provided, however, that for a period of ***** (**) ***** after implementation, Customer’s CD-ROM or DVD Archival for Statements were made available to Customer along with Customer’s access to CSG InView Statement Archival, after which time, Customer’s CD-ROM or DVD Archival for Statement were no longer made available.

(iii) Customer shall be allowed up to *** ***** (**) individual users of the InView Statement Archival tool ** ** ***** **.

3. Pursuant to the Forty-Eighth Amendment to the Agreement, dated May 11, 2015 (Document #4102963), the Check Recovery Service was added to the Agreement. CSG and Customer now agree to amend the Agreement. Therefore, Sections 1 and 2 of **EXHIBIT A-4(h)** of the Agreement entitled “Check Recovery Service,” is hereby DELETED in its entirety and is replaced with the following Section 1 and 2:

1. Check Recovery Service . CSG will provide to Customer, and Customer will purchase from CSG, the CSG Check Recovery Service. The Check Recovery Service will facilitate the Check Recovery Vendor’s re-presentation and recovery of select Automated Clearing House (“ **ACH** ”) returns by sending select ACH returns and paper check returns to the Check Recovery Vendor for recovery processing. The Check Recovery Service also receives files of unsuccessfully recovered ACH returns and paper check returns from Vendor and updates CCS accordingly. CSG acknowledges and agrees that it will not initiate communication with Connected Subscribers to perform the service of Check Recovery Vendor’s re-presentation and recovery of ACH returns and paper check returns without Customer’s permission. The foregoing shall not prevent CSG from having the Check Recovery Vendor perform the services provided herein.

2. Requirements. CSG will provide integration to the Check Recovery Vendor’s platform enabling the Check Recovery Service. Select ACH returns and paper check returns will be sent to Vendor for recovery processing. The Check Recovery Service will also receive files from the Check Recovery Vendor of unsuccessfully collected ACH returns and paper check returns and will update CCS accordingly. Applicable Customer determined fees, not to exceed state regulations, will be assessed by the Check Recovery Vendor to the bank accounts of Customer’s customers as part of the Check Recovery Service.

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

DISH NETWORK L.L.C.

CSG SYSTEMS, INC.

By: /s/ Rob Dravenstott

By: /s/ Gregory L. Cannon

Name: Rob Dravenstott

Name: Gregory L. Cannon

Title: Senior Vice President and Chief Information Officer

Title: SVP, Secretary & General Counsel

Date: 8/12/16

Date: 8/17/16

**FIFTY-THIRD AMENDMENT
TO
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
DISH NETWORK L.L.C.**

THIS FIFTY-THIRD AMENDMENT (this "53rd Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG"), and **DISH Network L.L.C.**, a Colorado limited liability company ("Customer"). This 53rd Amendment shall be effective as of the date last signed below (the "Effective Date"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (Document #2301656) effective as of January 1, 2010, (together with all previous amendments thereto, the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this 53rd Amendment. If the terms and conditions set forth in this 53rd Amendment shall be in conflict with the Agreement, the terms and conditions of this 53rd Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this 53rd Amendment shall have the meaning set forth in the Agreement. Upon execution of this 53rd Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this 53rd Amendment. Except as amended by this 53rd Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, CSG and Customer entered into that certain Twenty-Ninth Amendment to the Agreement dated October 29, 2012 (CSG document number 2314181) (the "29th Amendment"), which added to the Agreement the CSG payment gateway service that is currently provided to Customer by CSG through the use of essential third party services (such previously-provided payment gateway service, the "CSG Payment Gateway Service"). CSG has developed a new payment gateway service with less dependency on such third party services and Customer desires to discontinue its use of the CSG Payment Gateway Service to instead use the new payment gateway service described in this 53rd Amendment (the "New Payment Gateway Service").

THEREFORE, CSG and Customer agree as follows as of the Effective Date:

1. Customer desires to use, commencing on the Effective Date and expiring with the Agreement unless otherwise terminated as provided in the Agreement or this 53rd Amendment (the "Payment Gateway Term"), and CSG shall provide to Customer, during the Payment Gateway Term, the New Payment Gateway Service as described herein. As a result, **SCHEDULE A**, "Services" of the Agreement is hereby AMENDED to add "New Payment Gateway Service" to the list of Services and to add **EXHIBIT A-4(i)**, "New Payment Gateway Service," attached hereto. CSG and Customer acknowledge that CSG will migrate Customer from the CSG Payment Gateway Service to the New Payment Gateway Service in phases. CSG and Customer agree that until Full Migration (as defined below), the terms of the 29th Amendment shall be applicable to Customer's use of the CSG Payment Gateway Service and the terms of this 53rd Amendment shall be applicable to Customer's use of the New Payment Gateway Service.
2. **SCHEDULE F**, "FEES," CSG SERVICES, Section III, entitled "Payment Procurement," is hereby AMENDED to add a new subsection H, entitled "New Payment Gateway Service" as follows:

H. New Payment Gateway Service (Notes 1, 7-8)

Description of Item/Unit of Measure	Frequency	Fee
1. Setup/Implementation of Merchant ID (per ***** *) (Note 2)	*****	\$*****
2. Transactions		
§ New Payment Gateway Service Fee (per *****) (Note 3-6)	*****	\$*****

Note 1: Setup and implementation fees shall be as set forth in the above table and no other fees or expenses shall apply to setup and implementation of the New Payment Gateway Service.

Note 2: For the purposes of the Agreement, as amended by this 53rd Amendment, the Setup/Implementation Merchant ID fee of \$***** shall be ***** ** * requested by Customer.

Note 3: Transaction types may include, but are not limited to, credit and debit card authorization attempts, reversals, and refunds (Visa, MasterCard, American Express, and Discover). The New Payment Gateway Service Fee will be invoiced ** ***** on a ***** basis.

****0% *** ***** ***** *****
*****0% ***** *****
*****0% ***** *****
*****0% ***** *****
*****0% ***** *****

6. **Use of the New Payment Gateway Service.** As permitted by the essential third parties, and as mutually agreed between CSG and Customer, the CSG Payment Gateway Service may be accessed and used by Customer for a period not to exceed *** (*) ***** after Full Migration to the New Payment Gateway Service. "Full Migration" has occurred when implementation of the New Payment Gateway Service results in the New Payment Gateway Service being used by Customer in the Production Environment and Customer's general cessation of use of the CSG Payment Gateway Service (except as permitted under this Section 6). In the event production issues occur within the New Payment Gateway Service that are ***** * *****
*****, as ***** ***** then CSG and Customer, ***** ***** will coordinate activities to ***** the *****
***** ***** and provide the ***** ***** to Customer (as provided in the ***** and at * ***** or ***** to Customer) . In such event:

- Merchant IDs and code tables will be updated by CSG
- Authorizations will flow to the CSG Payment Gateway Service
- Settlement files will be sent to the appropriate destination depending on where the authorization occurred
- Funding of merchant accounts will occur based upon where the authorization occurred
- Customer's use of the CSG Payment Gateway Service shall not exceed twenty-four (24) hours from the commencement of access of the CSG Payment Gateway Service by Customer, unless otherwise deemed necessary by CSG or mutually agreed between CSG and Customer
- CSG will produce *** (*) CPSD-036 production reports; *** (*) for each authorization destination
- Depending on any additional steps required by essential third parties, CSG will make the necessary changes to merchant IDs and code tables within *** (*) hours.

7. **SCHEDULE H**, "CSG Systems, Inc. Business Continuity / Disaster Recovery Plan" of the Agreement is hereby AMENDED to include the New Payment Gateway Service as a ***** service.

8. **Limitation of Liability.** NEITHER PARTY NOR ITS AFFILIATES WILL BE LIABLE TO THE OTHER PARTY AND/OR ITS AFFILIATES FOR DAMAGES ARISING OUT OF OR IN CONNECTION WITH (a) CSG'S PROVISION OF THE NEW PAYMENT GATEWAY SERVICES HEREUNDER, OR (b) THE PERFORMANCE OR FAILURE TO PERFORM SUCH PARTY'S OBLIGATIONS ARISING PURSUANT TO THE NEW PAYMENT GATEWAY SERVICE, INCLUDING, BUT NOT LIMITED TO, THE PERFORMANCE OF NEW PAYMENT GATEWAY SERVICES HEREUNDER, IN EXCESS OF THE LESSER OF (i) ***** (\$*****) OR (ii) ***** (in either event, the "Payment Gateway Liability Cap "). NOTWITHSTANDING THE FOREGOING LIMITATIONS, THE LIMITATION OF LIABILITY PROVIDED IN THIS SECTION FOR DIRECT DAMAGES SHALL NOT (A) APPLY TO THE EXTENT THAT APPLICABLE LAW SPECIFICALLY REQUIRES LIABILITY, (B) APPLY TO THE EXTENT THAT THE LIABILITY ARISES OR RESULTS FROM FRAUD OR (C) BE CONSTRUED OR APPLIED SO AS TO LIMIT OR REDUCE (1) EITHER PARTY'S LIABILITY IN CONNECTION WITH GROSSLY NEGLIGENT ACTS RESULTING IN TANGIBLE PROPERTY DAMAGE OR PERSONAL INJURY; OR (2) ANY INDEMNIFICATION OBLIGATIONS, INCLUDING, BUT NOT LIMITED TO, THE INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 13 (INDEMNITY) OF THE AGREEMENT OR SECTION 21 (CONFIDENTIALITY) OF THE AGREEMENT. CSG SHALL NOT BE RESPONSIBLE FOR ANY INTERCHANGE FEES OR FOR ANY DOWNGRADE OR SHIFT IN INTERCHANGE QUALIFICATION ARISING OUT OF OR IN CONNECTION WITH THE NEW PAYMENT GATEWAY SERVICE.

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

10. **Migration** . CSG shall provide, at Customer's request, such support as Customer may reasonably request in migrating from the New Payment Gateway Service to an alternative solution (" **Payment Gateway Termination Assistance Services** ") upon expiration or termination of the Payment Gateway Term *** ** * or ** * for reasonable payment mutually agreed to by the Parties. The terms of this Section 11 shall survive the termination of CSG's provision of the New Payment Gateway Service. Except as the parties otherwise agree in writing, CSG shall provide Payment Gateway Termination Assistance Services at the Professional Services Rate set forth in SCHEDULE F "FEES", CSG SERVICES, Section V entitled Technical Services, Item 2 of the Agreement.
11. **Reporting** . CSG agrees to provide Customer with comparable reports for the New Payment Gateway Service to those reports provided as of the Effective Date by CSG for the CSG Payment Gateway Service and in the same or similar format. CSG shall begin providing reporting for the New Payment Gateway Service promptly following migration of *** (*) or more Subscribers to the New Payment Gateway Service. Customer understands that additional reporting requests beyond those currently provided for the CSG Payment Gateway Service will be defined in the requirements phase of the migration and shall be set forth in a mutually agreed upon Statement of Work.

* * * * *

[Remainder of page intentionally left blank. Signature page follows.]

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

IN WITNESS THEREOF the parties hereto have caused this 53rd Amendment to be executed by their duly authorized representatives.

DISH NETWORK L.L.C.

CSG SYSTEMS, INC.

By: /s/ Rob Dravenstott

By: /s/ Gregory L. Cannon

Name: Rob Dravenstott

Name: Gregory L. Cannon

Title: SVP and Chief Information Officer

Title: SVP, Secretary & General Counsel

Date: 8/29/16

Date: 8/30/16

*[Signature page to Fifty-Third Amendment to CSG Master Subscriber Management System Agreement
Between CSG Systems, Inc. and DISH Network L.L.C.]*

EXHIBIT A-4(i)

New Payment Gateway Service

1. New Payment Gateway Service. The *New Payment Gateway Service* facilitates the routing of credit card transactions (Visa, MasterCard, Discover, and American Express) and debit card transactions (Visa and MasterCard), to select third party processors. The New Payment Gateway Service supports one-time and recurring credit card and debit card payments. The New Payment Gateway Service is an additional feature beyond currently supported Credit Card Processing and Electronic Payment services and processes. Customer will have access to an online portal, or similar means, to process credits and refunds, perform transaction research and download reports.

2. Requirements. Allowable payment types for the New Payment Gateway Service are MasterCard, VISA, American Express and Discover. Customer is responsible for selecting a card processing merchant and establishing a merchant agreement with a CSG-approved (such approval not to be unreasonably withheld by CSG) card processor (each, a “**Card Processor**”). The Card Processor will assign all applicable merchant ID numbers. Customer must communicate their merchant ID information to CSG prior to using the New Payment Gateway Service. Customer is responsible for all credit card and debit card related fees passed through or assessed by merchant banks, card processors, acquirers, issuers, Visa, MasterCard, Discover, American Express, or any other entity involved in the processing of associated transactions. Fees may include, but are not limited to, interchange fees, assessment fees, per transaction fees, network security fees, switch fees, and administrative fees. For transactions originating from non-CSG billing platforms, Customer is responsible for adhering to all applicable regulations that may be mandated by the card associations, debit networks, payment card industry, or other regulatory entity. Customer has selected an acquirer and a Card Processor to whom CSG will provide Customer Confidential Information and PII solely to support the New Payment Gateway Service. Customer authorizes CSG to provide such Customer Confidential Information and PII to Customer’s selected acquirer and Card Processor solely to support the New Payment Gateway Service.

3. Use of Card Processing Information. Customer and CSG agree that all information and data accessed through the New Payment Gateway Service is “Confidential Information” and as such shall be kept strictly confidential in accordance with the Agreement.

4. Intellectual Property.

(a) **No License.** By this 53rd Amendment, Customer does not acquire any patent rights or copyright interest or other right claim or interest beyond what is provided in the Agreement or the 53rd Amendment, in the computer programs, forms, schedules, manuals, or other proprietary items utilized or provided by CSG in connection with the New Payment Gateway Service.

(b) **Restrictions on Use.** Customer will not use or permit its respective employees, agents and subcontractors to use the trademarks, service marks, logos, names, or any other proprietary designations of CSG except in accordance with the Agreement.

(c) **Data Accuracy.** Customer acknowledges that CSG is not responsible in any way for the accuracy or completeness of the third party processor information which may be accessed as part of the New Payment Gateway Service.

[Remainder of page intentionally left blank.]

FIFTY-FOURTH AMENDMENT
TO
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
DISH NETWORK L.L.C.

THIS FIFTY-FOURTH AMENDMENT (this "**Amendment**") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("**CSG**"), and **DISH Network L.L.C.**, a Colorado limited liability company ("**Customer**"). This Amendment shall be effective as of the date last signed below (the "**Effective Date**"). CSG and Customer entered into a certain CSG Master Subscriber Management System (Document #2301656) effective as of January 1, 2010 (together with all previous amendments thereto, the "**Agreement**"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. 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. The terms and conditions provided in **Attachment A** and **Attachment B** to this Amendment, including, but not limited to, any Appendices attached thereto, are hereby incorporated herein by this reference as part of this Amendment.

WHEREAS, CSG makes available a proprietary digital services platform known as the Ascendon System (as defined below), which Ascendon System is made available as software as a service;

WHEREAS, Customer has requested that CSG make available to Customer under the Agreement the Ascendon System and certain services related to the Ascendon System (the "**Ascendon SaaS Services**" as more specifically defined below); and

WHEREAS, the parties are entering into this Amendment to prescribe the terms and conditions by which CSG shall make available to Customer the Ascendon System and the Ascendon SaaS Services pursuant to one or more statements of work (each, an "**Ascendon SOW**").

THEREFORE, CSG and Customer agree as follows as of the Effective Date:

Ascendon System and Ascendon SaaS Services specific terms:

1. **SCHEDULE A**, "**SERVICES**", of the Agreement is hereby amended to add (a) a reference to "Ascendon System and Ascendon SaaS Services (**EXHIBIT A-6**)" under "**Additional Services**", and (b) **EXHIBIT A-6**, entitled "**Ascendon System and Ascendon SaaS Services**", in the form attached as **Attachment A** hereto.
 2. **SCHEDULE F**, "**FEES**", of the Agreement is hereby amended to add a new Section XV. under CSG SERVICES entitled "Ascendon System and Ascendon SaaS Services", in the form attached as **Attachment B** hereto.
 3. **SCHEDULE B**, "**CSG PRODUCTS**" and **EXHIBIT B-1**, "CSG Products and User I.D., CSG Products" of the Agreement is hereby amended to add the product "Ascendon System".
 4. This Amendment, including, but not limited to, **Attachment A** specifically applies to CSG's provision of access to the Ascendon System and the performance and/or provision of Ascendon SaaS Services to Customer and/or its Affiliates. Unless otherwise expressly provided in this Amendment, in no event will any terms, conditions or fees set forth in this Amendment apply to Customer's performance of the Agreement other than with respect to the Ascendon System and the Ascendon SaaS Services or to CSG's provision and/or performance of Products and/or Services under the Agreement that are not the
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*** **Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.**

Ascendon System or Ascendon SaaS Services . Except as expressly provided in this Amendment , all other terms of the Agreement which are not in conflict with this Amendment shall be given full force and effect. In the event of a conflict between the terms of the Agreement and the terms of this Amendment , the terms of this Amendment shall control and take precedence with respect to CSG's provision of access to the Ascendon System and the performance and /or provision of Ascendon SaaS Services . In the event of conflict between the terms of an Ascendon SOW and the terms of the Agreement and/or this Amendment , the terms of the Ascendon SOW shall control and take precedence with respect to CSG's provision of access to the Ascendon System and performance and /or provision of Ascendon SaaS Services under such Ascendon SOW . Customer's access to the Ascendon System and CSG's performance and provision of the Ascendon SaaS Services to Customer are subject to the parties' execution of an Ascendon SOW with respect thereto.

5. Each of CSG and Customer may subcontract its obligations under this Amendment to a third-party contractor with whom such party to the Agreement has entered into an agreement that (a) contains obligations of confidentiality no less restrictive than the terms provided in the Agreement, and (b) contains such third-party contractor's express agreement to comply with all applicable restrictions set forth in the Agreement (a " **Qualified Third Party Contractor** "). Each party shall be liable to the other party for the acts or omissions of its third-party contractors (including, but not limited to, Qualified Third Party Contractors) to the same extent that liability to the other party would accrue under the Agreement if such acts or omissions had been performed or made by such party. Each party acknowledges and agrees that it is responsible for its Affiliates' and agents' (including, but not limited to, its Qualified Third-Party Contractors') compliance with the terms and conditions of the Agreement (including, but not limited to, this Amendment), including, but not limited to, such Affiliates' compliance with the terms of use of the Products and Services. Accordingly, Customer shall be liable to CSG for the acts and omissions of its Affiliates and agents to the same extent that liability to CSG would accrue under the Agreement if such acts or omissions had been performed or made by Customer.
6. CSG represents and warrants to Customer that CSG Media, LLC (" **Media** ") is a Qualified Third Party Contractor of CSG. Customer acknowledges that, provided that Media remains a Qualified Third Party Contractor of CSG, that CSG's performance and provision of the Ascendon SaaS Services and provision of access to the Ascendon System may be provided by Media. CSG acknowledges and agrees that it is responsible for its Affiliates' and agents' (including, but not limited to, Media's and any other Qualified Third Party Contractors') compliance with the terms and conditions of the Agreement (including, but not limited to, this Amendment). Accordingly, CSG shall be liable to Customer for the acts and omissions of its Affiliates and agents, including, but not limited to, Media and any other Qualified Third Party Contractors, to the same extent that liability to Customer would accrue under the Agreement if such acts or omissions had been performed or made by CSG.

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

DISH NETWORK L.L.C.

CSG SYSTEMS, INC.

By: /s/ Rob Dravenstott

By: /s/ Gregory L. Cannon

Name: Rob Dravenstott

Name: Gregory L. Cannon

Title: SVP, Chief Information Officer

Title: SVP, Secretary & General Counsel

Date: 8/29/16

Date: 8/30/16

ATTACHMENT A

EXHIBIT A-6

Ascendon System and Ascendon SaaS Services

1. Definitions

(a) Capitalized terms used but not defined in this **EXHIBIT A-6** shall have the definitions set forth in the Agreement. The parties acknowledge that the capitalized terms defined in this **EXHIBIT A-6** but not defined in the Agreement shall apply solely to the Ascendon System and Ascendon SaaS Services.

(b) For purposes of applying the general terms and conditions of the Agreement to the Ascendon System and Ascendon SaaS Services prescribed in this **EXHIBIT A-6**, and any Ascendon SOW executed hereunder, and after giving effect to the amendments and clarification of terms of the Agreement that apply to the Ascendon System and Ascendon SaaS Services as set forth in this **EXHIBIT A-6**, the following definitional principles shall apply solely with respect to the Ascendon System and Ascendon SaaS Services:

(i) each reference in the Agreement to a Deliverable shall be deemed to include a reference to an identifiable work product related to the Ascendon System and/or Ascendon SaaS Services to be delivered by CSG to Customer as specified in an Ascendon SOW executed pursuant to this **EXHIBIT A-6** and the Agreement;

(ii) the Ascendon System shall be deemed a Product under the Agreement and the Ascendon SaaS Services shall be deemed a Service under the Agreement;

(iii) each reference in the Agreement to a "subscriber" shall be deemed to include a reference to a Consumer (as defined in Section 1(c), below); provided that, notwithstanding the foregoing, except as specifically provided in an Ascendon SOW, a Consumer accessing the Ascendon System or using or receiving Ascendon Services shall not be deemed a subscriber, Subscriber, Active Subscriber or similar term for purposes of determining under the Agreement or any SOW executed under the Agreement (x) applicable fees for any Products or Services other than the Ascendon System and Ascendon SaaS Services and/or (y) Customer's compliance with any minimum fee purchases or subscriber commitments (e.g., Guaranteed Fees, Monthly Processing Fee, etc.) with respect to any Products or Services;

(iv) each reference to Support Services shall be deemed a reference to Ascendon Support Services (as defined in Section 5 below);

(v) each reference to Updates shall be deemed a reference to Ascendon Updates (as defined in Section 5 below); and

(vii) "**Customer's Intellectual Property**" has the same meaning that it has in the Agreement, and includes, but is not limited to, Customer Site(s) and Customer Content.

(c) The following capitalized terms used in this **EXHIBIT A-6** shall have the meaning prescribed below:

"**Ascendon Professional Services**" means any consulting, conversion, implementation, encoding, encryption, training, or other similar professional services performed by CSG related to the Ascendon System, but does not include the Ascendon Services or Ascendon Support Services.

"**Ascendon SaaS Services**" means the Ascendon Services, Ascendon Professional Services, Ascendon Support Services and SaaS Operations Services.

"**Ascendon Services**" means those services performed by CSG or its Qualified Third Party Contractor to provide access to the Ascendon System as described in an executed Ascendon SOW, but does not include the Ascendon Professional Services.

"**Ascendon Software**" means the software code and computer programs underlying the Ascendon System and Ascendon Services provided by CSG to Customer pursuant to an executed Ascendon SOW.

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“ Ascendon System ” means the Ascendon ***** , Ascendon *** ***** and Ascendon **** ***** (including any ***** and *****) provided to Customer under an Ascendon SOW , and the Ascendon Software, servers, hardware and technologies used by CSG to make the foregoing available via the Internet, as further specified in the Documentation. The Ascendon Syst em includes *** ***** : (i) the ***** , and (ii) the *** ***** . The Ascendon System excludes the telecommunications connections to and from the Internet, the Compatible Interfaces, Customer Equipment, Customer Site(s), Performance Testing Environment(s), Customer Integrations, Customer Systems, Third Party Systems, any other computer hardware, software or communications equipment at or to Customer’s place of business used by Customer to access and utilize the Ascendon Services, or any computer hardware, software or communications equipment used by a Consumer to access and utilize the Ascendon System or Ascendon Services . Appendix A attached hereto includes a general description of the various Ascendon ***** , Ascendon *** ***** and Ascendon **** ***** that CSG shall ma ke available to Customer.

“ Ascendon System Usage Data ” means non-personally identifiable performance data and usage statistics concerning the Ascendon System collected or compiled by CSG in connection with system-wide, aggregated use of the Ascendon System. Ascendon System Usage Data shall exclude information that constitutes Consumer Information, Consumer Usage Data, any personally identifiable information about Customer or a Consumer and any data from which identifying information about Customer or any Consumer can be discerned.

“ Ascendon **** ***** ” means a ***** and/or **** ***** of the Ascendon System. The Ascendon **** ***** are generally described in Appendix A.

“ Ascendon *** ***** ” has the meaning set forth in Section XV. CSG Services of Schedule F, entitled Ascendon System and Ascendon SaaS Services.

“ **** ***** Application ” means the ***** that provide authorized users of Customer access to the ***** of the Ascendon System. The **** ***** Applications are generally described in Appendix A.

“ Billing Period ” means the approximately ***** (**) *** period for which CSG bills Customer for certain Ascendon SaaS Services provided under an Ascendon SOW. As of the Effective Date, the Billing Period is measured from ***** on the **** of a given calendar month to ***** pm ***** on the **** of the following calendar month. CSG and Customer may alter the specific days and duration of the Billing Period by mutual agreement of both parties. * * * * *

“ Compatible Interface ” means the industry-standard browsers and protocols (as applicable) by which (i) a Customer administrative user can access the **** ***** Applications (as described in an Ascendon SOW) of the Ascendon System, (ii) a Consumer can access a ***** and (iii) the Ascendon *** ***** may be accessed.

“ Consumer ” means an end user client of Customer, its Affiliates, or any other individual, officer, employee or contractor (acting in such capacity, and not as a client or customer), who accesses and/or uses the Ascendon System displayed by Customer or its Affiliates.

“ Consumer Experience ” means a Consumer-facing implementation of the Ascendon System, such as a ***** , ***** (including **** ***** “*****”), ***** site, ***** , and ***** application.

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“ **Consumer Information** ” means (i) any personally identifiable information regarding a Consumer, or (ii) personal data that is (x) provided to or collected by CSG in connection with a Consumer’s use of the Ascendon System (including, but not limited to, a Consumer Experience), and (y) sufficient to personally identify a Consumer, directly or indirectly, including, but not limited to, by reference to an identification number or to one or more factors specific to such Consumer’s physical, physiological, mental, economic, cultural or social identity, including, by way of example and without limitation, financial account numbers, credit or debit card numbers (with or without access or pin numbers, if collected), personal addresses, social security numbers, passport numbers, IP addresses and/or driver’s license numbers. Notwithstanding the foregoing, “Consumer Information” shall not include any information that is lawfully obtained from public sources, including from federal, state or local government records lawfully made available to the general public.

“ **Consumer Usage Data** ” means statistics and data (i) provided to or collected by CSG in connection with a Consumer’s use of the Ascendon System, and (ii) relating to a Consumer’s account activity, including the browsing, accessing and/or purchasing of Customer Services or other information collected from or about or otherwise regarding Consumers, whether in individual or aggregate form, that is sufficient to personally identify a Consumer or to identify such Consumer as an end user client of Customer and/or its Affiliates. For clarity, Consumer Usage Data may include Consumer Information.

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

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

“ **Customer Ascendon Solution** ” means a specific configuration and deployment by CSG of the Ascendon System for Customer as prescribed in an Ascendon SOW.

“ **Customer Content** ” means data, Customer proprietary content, including, but not limited to, Customer’s Intellectual Property, that is published on or displayed through the Ascendon System and/or Ascendon Services or is provided by Customer or on Customer’s behalf to CSG so that CSG may configure the Ascendon System pursuant to an Ascendon SOW. For the avoidance of doubt, Customer Content does not include any Consumer Information or Consumer Usage Data.

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

“ **Customer Services** ” means any Customer Content, Merchandise or other goods, products or services promoted or made available for trial, rental, sale or license by or through Customer or its Affiliates that access or use any feature or function on or through the Ascendon System or related Ascendon Services. Customer Services may be sold, rented or licensed in a variety of forms and models, including by way of example only, subscriptions (e.g., daily, weekly, monthly, quarterly, etc.), on demand, electronic sell-through and/or digital download.

“ **Customer Site** ” means any Customer website, application, software, product or service on which the Ascendon System or a Customer Application is embedded and provided to Consumers, but specifically excludes all elements of the Ascendon System, including but not limited to, all ***** **** Applications (including, but not limited to, ***** *****).

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“ **Customer System** ” means any computers, communications systems, networks, solutions, applications (including Customer Applications and Customer Integrations) and other products (including hardware or software components of each of the foregoing) owned and /or operated by Customer and its Affiliates , but excludes all elements of the Ascendon System, including but not limited to , all ***** Applications (including, but not limited to , *****).

“ **Customer Vendor** ” means any vendor, other than CSG, its Affiliates, CSG’s Qualified Third Party Contractor or a vendor contracted by CSG, that has supplied, is supplying, or is contractually obligated to supply products (including hardware, software, equipment, systems and solutions) or services to Customer or its Affiliate.

“ **Downloading** ” means the digital transmission of audio-visual content in a format that allows for ongoing viewing of the applicable audio-visual content and the storage of the applicable audio-video content on a receiving device or such other storage medium accessed by such device. “ **Download** ” has a correlative meaning.

“ **Exception** ” means any problem, defect, or failure of a Deliverable to conform to any applicable acceptance criteria defined in an Ascendon SOW or the Documentation. For purposes of clarification, a problem, defect or failure of a Deliverable shall not be deemed an Exception to the extent that such problem, defect or failure of such Deliverable to conform to the acceptance criteria or the Documentation is caused by Customer’s failure to comply with its obligations or responsibilities that are expressly set forth in an Ascendon SOW or the Agreement.

“ **Go-Live Date** ” means, with respect to each deployment of the Ascendon System, the date defined in an applicable Ascendon SOW.

“ ***** **** ” means a secured and partitioned instance (also referred to as a ***** or “ ** ”) of the *** ***** of the Ascendon System.

“ ***** Environment** ” means, with respect to the Ascendon System, a ***** environment made available by CSG to allow Customer to ***** and/or ***** deployments of the Ascendon System, including any Ascendon Updates thereto, or for such other required ***** , ***** or ***** to be determined between the parties. The *** Environment, at ***** ** CSG, may maintain a ***** , or ** ***** within a ***** , but will provide an ***** of the ***** Environment adequate for Customer’s ***** , including, but not limited to, by making available the ***** of the Ascendon System (including the underlying Ascendon Software) available on the ***** Environment.

“ ***** ” means any ***** made available by CSG to Customer that provides ***** , ***** , ***** and ***** management, local media management, an ***** client and local license storage integration, and video playback.

“ **Merchandise** ” means any content, merchandise, products or services (in digital, physical, subscription or other medium), including Customer Content, offered by Customer or its Affiliates that is processed, sold, rented, licensed, redeemed, provisioned, fulfilled or managed through the Ascendon System and/or Ascendon Services.

“ **Performance Testing Environment** ” means an optional, dedicated and secured environment of the Ascendon System separate and distinct from the ***** and ***** whereby Customer can execute Performance Testing (as defined in Section 5 of this **EXHIBIT A-6**) against the Ascendon ***** .

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“**Player**” means (i) if applicable, one or more of the CSG Media Playback Applications (as such term is used in an Ascendon SOW) provided by CSG to Customer under an applicable Ascendon SOW as an element of or in combination with a Consumer Experience, and (ii) if applicable, a player (video and/or audio) provided by Customer or a Customer Vendor that utilizes the Ascendon *** ***** to integrate with an Ascendon ***** (as referenced in **Appendix A**).

“**Production Environment**” means the shared, live production environment provided by CSG on which Customer may display and utilize the Ascendon System with Consumers.

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

“**Storefront**” means a type of ***** identified in an Ascendon SOW, which indicates the storefront solution(s) included in the configuration of the Ascendon System and made available under such Ascendon SOW.

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

2. Ascendon SOWs

This **EXHIBIT A-6** and the applicable terms of the Agreement prescribe the general terms and conditions of CSG’s provision of access to the Ascendon System and performance and provision of the Ascendon SaaS Services to Customer. Customer’s right to access and utilize the Ascendon System and Ascendon Services requires Customer to execute with CSG an Ascendon SOW pursuant to this **EXHIBIT A-6**. Each Ascendon SOW shall be in the form mutually agreed by the parties, and may include the following provisions: (a) any additional or specific terms and conditions of Customer’s rights to use, and CSG’s obligation to provide, the Ascendon System and/or Ascendon SaaS Services under such Ascendon SOW, (b) the Customer Ascendon Solution covered by such Ascendon SOW, Third Party Products and/or “service” that may be utilized by Customer for a given deployment, (c) the fees applicable to the Ascendon SaaS Services and the Ascendon System, and (d) the applicable Ascendon Order Term. Section 4 of the Agreement shall not apply to the Ascendon SaaS Services or the Ascendon System, provided, however, that the fees applicable to ASH or Professional Services hours for the provision of the Ascendon SaaS Services and Ascendon System may be increased during an Ascendon Order Term pursuant to Section 4 of the Agreement.

3. Access; Compatible Interfaces

Access and use of the Ascendon System is provided through a web-enabled user interface, the Ascendon *** ***** and/or ***** (the latter two if and as identified in an Ascendon SOW), and nothing in the Agreement, this **EXHIBIT A-6** or an Ascendon SOW shall entitle Customer or any Consumer to delivery of the object or source code relating to the Ascendon System. The Documentation identifies the Compatible Interfaces as of the Effective Date. CSG may update the Compatible Interfaces from time to time in its reasonable discretion, consistent with good industry practices, by providing Customer advance written notice specifically identifying the applicable update; provided, however, notwithstanding anything to the contrary, CSG shall not cease supporting any Compatible Interface then in use by Customer without providing at least ***** (**) ***** prior written notice to Customer.

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4. Ascendon Third-Party Software/Products

Customer acknowledges that the Ascendon System and Ascendon Services may incorporate or integrate with certain third-party software or services (“**Third Party Products**”) and that such Third Party Products shall be identified in **Appendix A** or an Ascendon SOW. The fees and any additional terms, conditions and restrictions for such Third Party Products, if any, shall be set forth in the applicable Ascendon SOW or a Schedule/Exhibit to the Agreement, as applicable. For clarity, Third Party Products are also Third-Party Software as defined in the Agreement.

5. Ascendon Maintenance and Support Services

For the applicable fees described herein (as defined in Section 12 of this **EXHIBIT A-6**), CSG agrees to provide to Customer maintenance and support for the Ascendon System and Ascendon Services in accordance with the terms set forth in **SCHEDULE I** “**Support Services**”, as amended, of the Agreement and this Section 5 (collectively, “**Ascendon Support Services**”). Ascendon Support Services includes any and all fixes, updates, upgrades or modifications to the Ascendon System as such Ascendon System is deployed by Customer pursuant to an Ascendon SOW during the Ascendon Order Term of such Ascendon SOW (“**Ascendon Updates**”). The term “Ascendon Support Services” does not include: (a) custom modifications to the Ascendon System requested by Customer, (b) maintenance and support of, or the required implementation of updates to, any customization to the Ascendon System deployed by Customer, where such customizations are not specifically identified in an Ascendon SOW as being “supported” by CSG, (c) maintenance and support of any Third Party Product not supplied by CSG that are utilized by Customer in connection with its use of the Ascendon System, (d) modifications to the Ascendon System required to enable it to function properly with updates, upgrades or modifications to Customer Systems (unless otherwise provided in an Ascendon SOW), or (e) maintenance and support (including configuration, monitoring, or backup) of any Customer Systems, regardless of whether each of the foregoing are owned and operated by such party or owned and operated by a third party on such party’s behalf. In addition, CSG shall not be obligated to fix any problem with the Ascendon Service or be responsible for a Service Interruption (as defined in Section 13 of this **EXHIBIT A-6**) to the extent, but only to the extent, that such Service Interruption is caused by the following circumstances:

- i. Customer has used the Ascendon Service in violation of the Agreement, this **EXHIBIT A-6**, or the applicable Ascendon SOW;
- ii. Customer has altered, damaged, modified or incorporated the Ascendon Service or any element of the Ascendon System into other software in a manner not approved in writing (email acceptable) by CSG or otherwise provided or permitted by the Documentation;
- iii. The problem was caused by a Customer System, or Third Party System (including, if applicable, Customer’s Media Playback Application), not provided or approved by CSG ;
- iv. The problem was caused by Customer’s accessing of the Ascendon System or Ascendon Services on any hardware, operating system or network environment not supported by CSG in accordance with this **EXHIBIT A-6**, an Ascendon SOW or otherwise provided or permitted by the Documentation ; and/or
- v. The problem is attributable to Customer’s failure to use Compatible Interfaces.

If Customer requests that CSG provide maintenance and support or similar services that are excluded from the above definition of Ascendon Support Services, the parties may enter into an Ascendon SOW authorizing CSG to provide the additional maintenance and support and similar services.

Customer acknowledges that neither the ***** nor the *** ***** are intended ** ***** ** perform high volume “stress” or performance testing against the Ascendon System and absent CSG’s prior written approval Customer shall not, nor authorize or permit any third party to perform Performance Testing. “**Performance Testing**” in the ***** or the ***** shall mean greater than *** ***** (***) *****

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***** per ***** . In the event of a breach of the restrictions on Performance Testing, CSG may, without notice, temporarily suspend Customer's access to the *****
***** or *** ***** . If CSG discovers unauthorized Performance Testing conducted by Customer or any third party using Customer's business unit(s), CSG agrees to (A) use
its commercially reasonable best efforts to promptly mitigate any adverse consequences on the Ascendon System and any damages (to CSG, Media or any third party using the Ascendon
System) as a result of such Performance Testing, and (B) promptly notify Customer of such Performance Testing and explain CSG's efforts to mitigate the consequences and damages
resulting therefrom.

Customer Responsibility Post Go-Live

After a given Ascendon System deployment has been deployed into the Production Environment, Customer is principally responsible for managing the day-to-day operations of such
deployment, including, by way of example only, Storefront changes, refreshing or adding new Customer Content and Merchandise, encoding or transcoding Customer Content, continued
product and pricing configuration, syndication and marketing services. In Customer's sole and absolute discretion, Customer may discharge such responsibility itself, through a Customer
Vendor (subject to the applicable limitations set forth in this **EXHIBIT A-6**) or by requesting CSG to provide such support. CSG shall provide support, including, without limitation, the
Ascendon Professional Services or ***, to Customer: (i) pursuant to an Ascendon SOW entered into by the parties; and/or (ii) following a request made by Customer in writing.

Customer Integrations and Third Party Modifications

If any of (a) Customer's Integrations, or (b) CSG Integrations made by CSG under a mutually agreed Ascendon SOW to a Customer System or Third Party System (collectively, a "**Third
Party Integration**") requires modification due to a change in the Customer Integration, Customer System or Third Party System as a result of one of Customer, its Affiliates, Customer
Vendor or other agent of Customer (a "**Third Party Modification**"), then CSG shall have no obligation to maintain or support the affected Third Party Integration as a result of such Third
Party Modification. Under such circumstances, Customer may request, and CSG shall perform, Ascendon Professional Services to remedy such Third Party Modification pursuant to an
Ascendon SOW executed by the parties setting forth the scope of such Ascendon Professional Services and related fees payable to CSG. In addition, if a Third Party Modification causes a
Service Interruption or otherwise causes an Ascendon Service to no longer operate in compliance with an Ascendon SOW or the Documentation, Customer acknowledges that CSG shall have
no liability to Customer under the terms of the Agreement, this **EXHIBIT A-6** or an Ascendon SOW with respect to any breach or non-compliance caused by such Third Party Modification.
CSG acknowledges however that once a Third Party Integration is restored after a Third Party Modification, CSG's obligations under the Agreement, this **EXHIBIT A-6** and any affected
Ascendon SOW shall recommence. CSG further acknowledges that a Third Party Modification shall not be deemed a breach of Customer's obligations under the Agreement, this **EXHIBIT
A-6** or an Ascendon SOW; such Third Party Modification will only relieve and limit CSG's responsibilities and liability as provided in the Agreement, this **EXHIBIT A-6** and an affected
Ascendon SOW. The parties acknowledge that if a Third Party Integration requires modification due to an Ascendon Update of the Ascendon System, such modification shall not be deemed a
Third Party Modification, and CSG shall promptly make such modification and restore the Third Party Integration at no additional charge to Customer.

6. Grants

The rights, obligations and restrictions in this Section 6 are exclusive to the provision of Services under this **EXHIBIT A-6** and the terms of Section 12 - License Grant of the Agreement are not
applicable to the provision of Services under this **EXHIBIT A-6** (provided that the definition of the term "Affiliate" shall nevertheless continue to have the definition set forth in such Section 12).

a. CSG to Customer.

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- a. Each Ascendon SOW executed by the parties pursuant to this **EXHIBIT A-6** shall specify an “Ascendon Order Term” (as defined in each such Ascendon SOW) and will continue in full force and effect, until such Ascendon SOW expires in accordance with its terms or is terminated earlier pursuant to the Agreement .
- b. The parties agree that upon expiration of the Agreement, CSG’s provision and performance, and Customers’ use and receipt, of the Ascendon System and Ascendon SaaS Services will terminate following any applicable Termination Assistance Period as provided in Section 9 below of this **EXHIBIT A-6**.

9. Termination Assistance

Solely with respect to the Ascendon System and the Ascendon SaaS Services, in lieu of the provisions of Section 20 of the Agreement, the following provisions shall apply to Termination Assistance:

Upon expiration or termination of an Ascendon SOW for any reason, CSG shall, upon Customer’s reasonable written request, provide to Customer for up to *** ***** ***** (***) **** (the “ **Termination Assistance Period** ”), all reasonably requested assistance and cooperation to transfer and transition to Customer (or Customer’s designee if applicable) Customer Content, Consumer Information, Consumer Usage Data and Customer’s Intellectual Property in CSG’s possession or as compiled by the Ascendon System as of the date of expiration or termination. If Customer requests that CSG provide the foregoing information in a form different than that held by CSG in the Ascendon System, or requests CSG to perform any other services to Customer to transition Customer’s Consumer offering beyond the return of the foregoing information (collectively, the “ **Ascendon Termination Assistance** ”), Customer acknowledges that such Ascendon Termination Assistance may be provided by CSG at its discretion, for the Professional Services fees provided in Section V. under CSG SERVICES of **SCHEDULE F** of the Agreement and the parties will enter into a separate Ascendon SOW or other agreement to document the specific Ascendon Termination Assistance to be provided, the specific Termination Assistance Period and the applicable fees. Customer acknowledges that conditions precedent to CSG’s performance of Ascendon Termination Assistance are Customer’s obligations to pay CSG any Undisputed Fees related to the Ascendon SaaS Services or other amounts outstanding, due or payable to CSG with respect to the Ascendon SaaS Services as of the date (or as a result) of the expiration or termination of the relevant Ascendon SOW .

10. Customer Additional Obligations

a. Records to Support Third Party Product Fees

Customer acknowledges that certain Consumer Experiences utilized by Customer pursuant to an Ascendon SOW that incorporate certain Third Party Products (e.g., Mobile DRM Porting Kit and DRM server licenses) require the payment by CSG of a royalty and/or other fees to the licensor of such Third Party Product (“ **Third Party Licensor** ”). Consumer Experiences that incorporate a Third Party Product for which CSG must pay a royalty or fee to a Third Party Licensor are referred to herein as “ **Royalty-Bearing Applications** ”, and any applicable royalties or fees payable on a Royalty-Bearing Application will be identified in Section XV. under CSG SERVICES of **SCHEDULE F** of the Agreement or an Ascendon SOW. For the avoidance of doubt, a Royalty Bearing Application relates only to royalties or fees applicable to Consumer Experiences, and does not relate to the download of Customer Content. If the information that substantiates the obligation to pay a fee or royalty in connection with a Royalty Bearing Application is held or accessible by Customer and not CSG (e.g., application store downloads), to evidence royalties and fees which must be paid in connection with such Royalty-Bearing Applications Customer shall provide CSG within ***** (**) **** of the end of each calendar ***** a report of the requisite activity that triggers such fees or royalty including, if applicable, any application stores, payable during such calendar ***** from and through Customer and its Affiliates. ***** reports and all other records provided by Customer to CSG under this section shall be deemed Confidential Information and subject to Section 21 of the Agreement; provided nothing shall limit CSG’s right to provide such ***** reports and other applicable records to a Third Party Licensor or its administrative agent for the sole purpose of evidencing any applicable royalties or fees payable on a Royalty-Bearing Application.

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b. App Store

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

11 . Ascendon System Ownership and Customer Content or Merchandise Rights

The Ascendon System, all Ascendon Services and, unless otherwise expressly provided otherwise in an Ascendon SOW, all Deliverables delivered by CSG under an Ascendon SOW, are "Software Products." In addition, the parties acknowledge that CSG shall own the Ascendon System Usage Data. With respect to any Customer Content and Merchandise that Customer provides to CSG for use, scaling, publication, display, distribution and processing through the Ascendon System, including Customer Content and Merchandise owned by Customer or by a person other than Customer (the "**Third Party Content Owner**"), Customer warrants that it owns or has the necessary rights from third parties, including any Third Party Content Owner, to use, scale, publish, display, distribute and sell such Customer Content and Merchandise through the Ascendon System and for CSG to perform any of the foregoing acts (e.g., publication, display, distribution and/or processing) on behalf of Customer solely in the event and to the extent that Customer expressly directs CSG to perform any such acts or as provided in an Ascendon SOW. CSG shall not obtain any ownership rights to the Customer Content or Merchandise provided by Customer pursuant to the Agreement. In no event shall CSG lease, sell or otherwise commercially exploit any Consumer Information or Consumer Usage Data.

CSG acknowledges and agrees that (a) CSG's, Media's and/or any of their Affiliates' or agents' use of the Customer Content and/or Merchandise shall at all times be subject to and solely pursuant to the express, written approval of Customer, which approval Customer may grant or withhold in its sole and absolute discretion for any reason or no reason, (b) Customer may at any time and from time to time and in Customer's sole discretion, for any reason or no reason, upon notice to CSG, without the need for any consent, written or otherwise, from CSG, (i) change, alter, delete, add to or otherwise modify the Customer Content and/or Merchandise and (ii) stop CSG's, Media's or any of their Affiliates' or agents' use of any or all of the Customer Content and/or Merchandise, and (c) CSG shall, and shall cause Media and/or any of their Affiliates or agents to, comply with the terms of such notice as soon as reasonably possible.

The provisions of this **EXHIBIT A-6** are not intended to create, nor shall they be construed as creating or otherwise providing any rights to CSG, Media or any of their Affiliates or agents to purchase or sell products or programming manufactured and/or distributed or otherwise made available by Customer and/or any of its Affiliates, including, but not limited to, Customer Content or Merchandise. CSG expressly recognizes and agrees that any goodwill now existing or hereafter created through any use of the Customer Content or Merchandise or any related services performed in association therewith shall inure to the sole and exclusive benefit of Customer and/or its Affiliates and licensors.

CSG shall immediately cease using and within a reasonable time destroy or purge, and shall cause Media, its Affiliates and other agents to cease using and destroy or purge, the Customer Content and/or Merchandise upon expiration or termination of this Agreement for any reason or no reason whatsoever and shall, upon written request by Customer, certify such cessation and destruction or purging of the data to Customer.

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CSG expressly recognizes and acknowledges that this EXHIBIT A-6, as well as any past use by CSG, Media, its Affiliates and/or their agents of the Customer Content in any manner whatsoever or in any form whatsoever shall not confer upon CSG, Media, its Affiliates and/or their agents any proprietary or other rights, or title or interest in, to or under any of the Customer Content and/or Merchandise, including, without limitation, any existing or future goodwill in any of the Customer Content and/or Merchandise.

12. Fees

The fees applicable to Customer's access to and use and CSG's provision of the Ascendon System and provision and performance of the Ascendon SaaS Services shall be set forth in either (a) an Ascendon SOW executed by Customer and CSG or (b) Section XV. under CSG SERVICES of SCHEDULE F of the Agreement, with specific reference in the applicable Ascendon SOW as to which such fees apply. In addition, if as identified in an Ascendon SOW an Ascendon Service is integrated or made available with a Product or Service that is not the Ascendon System or Ascendon Services, the fees may also be included in another section of SCHEDULE F of the Agreement that corresponds to such Product or Service that is not the Ascendon System or Ascendon Services.

13. *****

Without limitation of the ***** set forth in SCHEDULE G, "*****" of the Agreement, the following ***** shall also apply with respect to the provision of the Ascendon System and related Services:

1. Definitions

"Excluded Problems" means ***** or ***** that are the ***** of (a) ***** or ***** of ***** or its ***** , ***** , or ***** , including, but not limited, to the ***** of such ***** or ***** that CSG has ***** such ***** in ***** * * ***** or ***** * ***** , as applicable; (b) ***** or ***** of Customer Systems or Third Party Systems not provided or approved in writing (email is sufficient) by CSG; (c) ***** ; (d) the ***** * ***** at the ***** of Customer; (e) ***** ; or (f) as provided in paragraphs (i) through (v) of Section 5 of this EXHIBIT A-6 .

"Interrupted Service Time" means the ***** in a ***** during which ***** . The ***** of a ***** ***** shall be ***** beginning on the *** and *** that a ***** is ***** on a ***** or ***** * the ***** and ending upon the ***** of the (a) *** and *** when the ***** has been ***** (including ***** through the *****); and (b) *** and *** when the ***** on the ***** has been ***** to a ***** Level * ***** in accordance with SCHEDULE I, "Support Services" of the Agreement.

"Interruption Time Percentage" is equal to (a) the ***** for a given ***** the ***** for such ***** , ***** by (b) the ***** , as expressed in number of ***** for that ***** .

"Monitoring Software" means the internal software and/or third party service that ***** for purpose of determining the ***** of the Ascendon System.

"Permissible Interrupted Minutes" means the number of ***** for a given ***** the Ascendon System may experience a ***** before a ***** ***** is due. The ***** is equal to the (a) ***** in a ***** * (b) the product of ***** ***** by *****%.

"Qualified Revenue Stream" means the ***** of ***** identified as the "*****" in an ***** * billed to Customer in a ***** affected by a ***** .

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

15. Intentionally Deleted.

16. Ascendon SaaS Services as **** *

SCHEDULE H, of the Agreement “ CSG Systems, Inc. Business Continuity/Disaster Recovery Plan ” is hereby amended to add the Ascendon SaaS Services to the list of **** * services.

17. Intentionally Deleted.

18. Export Approved Products and Export Approved Countries

SCHEDULE C, of the Agreement “ Export Approved Products And Export Approved Countries” is hereby amended to add the following Products:

***** (web-enabled) of Ascendon System

***** (web-enabled) of Ascendon System

***** (web-enabled) of Ascendon System

Appendix A

General Description – Ascendon System, Ascendon Services and Third Party Products

The Ascendon System is packaged as a set of ***** that provide their capabilities through a set of ***** to ***** and/or ***** / ***** . The specific Ascendon System configuration made available by CSG to Customer shall be as set forth in each Ascendon SOW. The Ascendon System is more specifically defined in the Documentation but shall at a minimum include the following features and functionality.

***** .

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

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

***** _ *****

***** *****
***** *****
***** *****

***** *****

***** *****
***** *****
***** *****

***** *****

***** *****
***** *****
***** *****
***** *****

***** _ *****



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

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

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

*****_*****

*****_*****



***** (***).

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

***** (“*****”) *****

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*****_*****

***** (***)

***** (***)

*****_*****



*** () *****

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

*****_*****

*****_*****

***** (***)

***** (***)

***** (***)

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

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

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

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

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



ATTACHMENT B

Form of Section XV. under CSG SERVICES of SCHEDULE F

Ascendon System and Ascendon SaaS Services

CSG SERVICES

XV. Ascendon System and Ascendon SaaS Services

This Section XV. specifies the fees applicable to the (a) (as defined below), (b) (as defined below), which utilizes the (as defined below), and (c) the (as defined below).

Customer may use the (with appropriate configuration changes, as prescribed below) in connection with Customer Services by executing one or more Ascendon SOW(s) with CSG (the initial Customer Ascendon Solution that utilizes the is hereafter referred to as the “”). CSG and Customer agree that to a that utilizes on will be the specified in.

Chart XV-1 also specifies the fees applicable to the, which platform supports the (***) . CSG and Customer agree that to a that utilizes will be the specified in.

Customer acknowledges that the deployment of the and requires CSG to perform and/or, as applicable, and that such or will be invoiced to Customer, in each case as prescribed by the applicable Ascendon SOW and in accordance with the applicable fees specified in.

Ascendon Fees - Definitions

“Activation” means the first point in time when an application that uses the Mobile DRM Porting Kit first receives or transmits a piece of digital content that has been encrypted with DRM.

“Services” means services performed by CSG on the Ascendon System’s hardware, databases and environments in support of Customer’s use or deployment of the Ascendon System and Ascendon Services. Services are subject to the Services provided in SCHEDULE * of the Agreement. Examples of Services include but are not limited to:

“Ascendon Element” means a module, application, functionality, or service of the Ascendon System and/or Ascendon Services other than a or.

“” means the of as measured by on such (that is processed by the Ascendon System with or through any payment instrument or method then configured under an effective Ascendon SOW, as in during a the of any and. For purposes of calculating the, the of to a will or any other as configured in the Ascendon System.



*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

“ ***** Transaction ” means a transaction processed by the Ascendon System whereby a Consumer ***** of a ***** or rec eives other access to a ***** the Consumer for the service in question or a ***** .

“ ***** Transaction ” means a transaction processed by the Ascendon System whereby a Consumer ***** a ***** for which the ***** by such Consumer for such ***** is processed by or through a ***** than the Ascendon System, such as, by way of example only, ***** .

“ ***** Transaction ” means a ***** Transaction, ***** Transaction and a ***** Transaction.

“ ***** ” means a ***** payable to CSG based on the ***** .

“ ***** Transaction ” means the processing by the Ascendon System of a ***** to either (a) ***** a ***** or ***** or (b) ***** Customer’s ***** (i.e., through the *****) of a ***** or ***** .

“ SaaS Operations Services ” means those hosting, IT and hardware administration and network security services performed by CSG, including, but not limited to, server and operating system monitoring, environment monitoring and maintenance, environment validation, penetration testing, database monitoring, PCI certification, SSAE 16 SOR and any certification or self-certification (if applicable), under the Successor US-EU Transfer Framework.

Ascendon Fees – Fee Chart XV-1 (Notes 1, 2 and 32)

Description of Item/Unit of Measure	Frequency	Fee
A. *****		
***** (Note 3 – Note 4)		
1. ***** (Note 3 and Note 5)		
(a) ***** (Note 5)	*****	\$*****
(b) ***** (Note 5)	*****	\$*****
2. ***** (Note 6 and Note 7)		
(a) ***** (Note 6)	*****	\$*****
(b) ***** (Note 6 and Note 8)	*****	\$*****
3. ***** (Note 9 and 10)		
(a) ***** (Note 11)	*****	\$*****
(b) *****	*****	\$*****
(c) ***** (Note 12)	*****	\$*****

Description of Item/Unit of Measure	Frequency	Fee
(d) ***** ***** ***** (Note 13 and Note 14)	*****	\$*****
(e) ***** ***** (Note 15 and 16)	*****	\$*****
(f) ***** (Note 17)	*****	\$*****
B. ***** (Note 18)		
1. ***** (Notes 19-20)	*****	***** *** ***** ***** (US\$)
		\$**\$***
		\$*****\$***
		\$*****\$***
		\$*****\$***
		***** \$****
2. ***** (*** *****) (Note 21 and Note 22)	*** *****	\$*****
3. ***** (Note 23)	*** *****	\$*****
C. *****		
1. *****		
(a) ***** (Note 24)	*****	*****
(b) ***** (Note 24)	*****	\$*****
2. ***** (Note 25)		
(a) ***** (*** *****) (Note 25)	*** **	** *****
(b) ***** (*** *****) (Note 25)	*** **	** *****
(c) ***** (*** *****) (Note 25)	*** **	** *****
D. *****		
1. ***** (***** *****) (Note 26)	*****	\$*****
2. ***** (***** *****) (Note 27)	*****	\$*****
3. ***** (***** *****) (Note 28)	*** *****	\$****

Description of Item/Unit of Measure	Frequency	Fee
E. *****		
1. ***** (Note 29)	*** *****	
(a) ***** (***** ***** (***** Note 30)	*** *****	*** ***** ** ***** ** *****
(1) ***** (***** Note 30)	*** *****	*** ***** ** ***** ** *****
(b) ***** ** *****	*** *****	*** ***** ** ***** ** *****
(c) ***** ** *****	*** *****	*** ***** ** ***** ** *****
(d) ***** (Note 31)	*** *****	\$*****
(e) ***** - ***** ***** (Note 11)	*** *****	\$*****
(f) ***** - ***** ***** ***** (*** *****	\$*****
(g) ***** ***** ***** (Note 14)	*** *****	\$*****
(g) ***** (Note 17)	*** *****	\$*****

Note 1: The fees set forth in Chart XV-1 above are the fees applicable to Customer's deployment of the Ascendon System consistent with one or more of (a) *****, (b) *****, and (c) *****. If Customer seeks to deploy a Customer Ascendon Solution that varies from one of the *****, and/or *****, such deployed *****, subject to additional fees (whether those set forth in ***** for an identified *****, *****, or *****, or as agreed by the parties for a *****, *****, or *****).

Note 2: Customer's right to access and utilize the Ascendon System and Ascendon SaaS Services requires Customer to execute with CSG an Ascendon SOW under **Exhibit A-6** of the Agreement. The fees applicable to a given Customer Ascendon Solution and related Ascendon SaaS Services shall be in accordance with the fees set forth in *****, and as may be further specified in such Ascendon SOW.

Note 3: An *****, and/or ***** for a given ***** (in each case if and as applicable as set forth in ***** or as prescribed pursuant to the accompanying Notes) shall be specified in an Ascendon SOW and invoiced to Customer as specified in such Ascendon SOW.

Note 4: If during an Ascendon Order Term Customer wishes to expand the Customer Ascendon Solution to include *****, *****, or a ***** not included or supported by the then-deployed *****, then the parties shall enter into an amendment or Change Order to the Agreement and/or applicable Ascendon SOW to reflect the actual Ascendon System functionality, Ascendon Services and Third Party Products to be used by Customer under such Ascendon SOW and to clarify the fees applicable thereto.

Note 5: A Customer Ascendon Solution may be subject to a ***** ("*****"). The ***** for the ***** and the ***** will be as specified in *****. If applicable, an ***** will be invoiced to Customer as specified in an Ascendon SOW.

Note 6: An Ascendon SOW may specify payment of a fee for Customer's right to access and utilize the ***** ("*****"). The ***** for the ***** and the ***** will be as specified in *****. If applicable, the ***** will be invoiced to Customer commencing as of the date specified in an Ascendon SOW. Subject to Note 8 below, once the ***** is invoiced under an applicable Ascendon SOW, such ***** shall apply with respect to such Ascendon SOW so long as an Ascendon Order Term or Termination Assistance Period is in effect.

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

Note 7: A ***** that utilizes ***** and ***** will ***** a separate *****.

Note 8: If the ***** Fees payable by Customer to CSG in a given ***** based on ***** generated ***** is in ***** of \$***** for such ***** then ***** shall ***** for that ***** the ***** applicable to the *****.

Note 9: ***** Fees are payable in advance for each applicable ***** Fee period during the Ascendon Order Term. If applicable, ***** Fees are invoiced to Customer as specified in an Ascendon SOW.

Note 10: ***** are not included in the ***** the ***** or ***** but can be added for the applicable ***** Fees and ***** Fees.

Note 11: If Customer elects to deploy the ***** - ***** , CSG shall invoice Customer \$***** to ***** such ***** (which fee is in addition to the ***** Fee).

Note 12: If Customer elects to deploy the ***** - ***** * ***** and ***** CSG shall invoice Customer \$***** to ***** such ***** (which fee is in addition to the ***** Fee).

Note 13: This ***** requires use of the ***** (see Section *(*) - (*) of *****) and is a ***** as provided in Section *(*) of Exhibit A-6 of this Agreement.

Note 14: If Customer elects to deploy the ***** CSG shall invoice Customer \$***** to ***** such ***** (which fee is in addition to the ***** Fee).

Note 15: ***** is not included in the ***** or the *****.

Note 16: ***** fee of \$***** shall apply ***** deployed under an Ascendon SOW (each, a “***** Fee”).

Note 17: If Customer elects to deploy the ***** then CSG shall invoice Customer a \$***** for such ***** (which fee is in addition to the ***** Fee).

Note 18: Transaction fees (“*****”) are invoiced and payable for ***** transactions processed through the Ascendon System ***** . Except as otherwise noted for a given fee in an Ascendon SOW or these Notes, all Transaction Fees are invoiced on a *****.

Note 19: ***** Fees are assessed on ***** through the Ascendon System in an amount equal to the ***** for such ***** the applicable ***** . The ***** Fees are ***** , meaning that the ***** of ***** in a given ***** is subject to a ***** and ***** (****%) ***** , beginning at \$***** , the ***** of ***** in such ***** is subject to a ***** (****%) ***** , etc. ***** are invoiced on a ***** , ***** . As provided in Note 23 below, a ***** acquired by a Consumer pursuant to ***** is not subject to ***** Fees or the ***** Fee.

Note 20: For purposes of determining the applicable *****(s) of ***** Fees payable during the ***** , ***** is ***** from ***** the Ascendon SOWs executed, unless an Ascendon SOW ***** such *****.

Note 21: Customer shall have one or more separate agreements with card processors. The ***** and ***** and ***** and ***** to CSG for the Payment Processor Gateway Service for Ascendon Services (the “*****”) and are additional charges billed by third parties. The Parties acknowledge that ***** shall be billed to Customer for the Ascendon Services, and ***** (as defined in the *****) shall be billed on ***** pursuant to the *****.

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

Note 22: Transaction types may include, but are not limited to , ***** and ***** ***** ***** ***** , ***** , and ***** (***** ***** ***** ***** , and *****) and ***** ***** ***** , and ***** .

Note 23: Customer shall pay CSG a fee of \$**** per ***** ***** ***** (the “ ***** ***** ***** ”). A ***** ***** acquired by a Consumer pursuant to an ***** ***** ***** is ***** to ***** ***** ***** Fees or the ***** ***** ***** Fee.

Note 24: CSG shall make available to Customer ***** (*) ***** (the “ ***** ”) in the ***** at ***** fee ***** the Ascendon Order Term. Customer may request that CSG make available to Customer one or more ***** , which ***** shall be made available at a fee of \$***** per ***** (each, an “ ***** ”), subject to a mutually agreed amendment or Change Order to an Ascendon SOW or confirmatory emails confirming Customer’s request for an ***** ** exchanged by authorized employees of Customer and a CSG Vice President or above title (each as provided in the applicable Ascendon SOW). If applicable, an ***** ** shall be invoiced to Customer effective as of the ***** ** such ***** , with the ***** fee ***** , if and as applicable, based on such ***** .

Note 25: No separate fee shall apply for Customer’s right to utilize up to the following number of **** ***** to the ***** ***** ***** specified in an Ascendon SOW: ***** ***** ***** (**) ***** to the ***** ***** , ***** ***** ***** (**) ***** to the ***** ***** , and ***** ***** ***** (**) ***** to the ***** ***** . If Customer requests to utilize ***** ***** in excess of the ***** specified in the previous sentence, Customer and CSG shall negotiate the applicable fees and specify such fees in the applicable Ascendon SOW(s).

Note 26: In connection with Customer’s distribution during the Ascendon SOW Order Term (and any Termination Assistance Period) of any ***** ***** that utilize an ***** ***** and a ***** , Customer shall pay a ***** ***** for the ***** ***** ***** (***** *****) and ***** (***** *****). CSG shall invoice Customer the ***** ***** ***** ***** ***** as of the ***** ***** ***** of the first Ascendon SOW that includes such ***** ***** .

Note 27: For each ***** ***** during which Customer utilizes the ***** ***** ***** during such ***** ***** , Customer shall pay CSG an ***** ***** for the ***** ***** ***** . CSG shall invoice Customer the ***** ***** ***** as of the ***** ***** ***** of the ***** ***** ***** that includes the ***** ***** ***** and ***** ***** ***** ***** as of the ***** ***** ***** , which ***** will correspond to ***** ***** ***** ***** to the ***** ***** ***** of such ***** ***** ***** .

Note 28: Customer shall pay CSG on a ***** basis a ***** ***** per ***** of each ***** ***** (including a ***** ***** ***** and a ***** ***** ***** using a ***** ***** *****) distributed by Customer that utilizes a ***** ***** ***** and an ***** ***** (collectively, the “ ***** ”). Customer acknowledges that the ***** ***** ***** includes any ***** ***** due for the ***** ***** ***** and the ***** ***** for such ***** ***** . For the avoidance of doubt, ***** ***** ***** is due on the ***** of a ***** ***** (***** ***** ***** ***** *****) that (a) ***** a ***** ***** ***** ***** or (b) ***** a ***** ***** ***** , in each case as ***** ***** by a Consumer.

Note 29: CSG shall provide the Ascendon Professional Services in connection with the Ascendon System and Ascendon SaaS Services at the applicable ***** ***** ***** set forth in CSG Services, Section * of SCHEDULE * . The ***** ***** of ***** of ***** ***** ***** ***** required to ***** and ***** a ***** ***** ***** will be quoted based on Customer’s requirements and specified in each applicable Ascendon SOW.

Note 30: The ***** ***** ***** Fees estimated for Customer’s deployment of the ***** ***** ***** shall be as set forth in an Ascendon SOW.

Note 31: CSG will integrate the Ascendon System to ***** ***** ***** ***** solution as set forth in an Ascendon SOW.

Note 32: For the avoidance of doubt, Customer shall ***** any ***** or ***** for ***** ***** ***** related to any ***** ***** between ***** and the Ascendon System or Ascendon Services.

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

**** ***** - Defined

As used in this Section XV. under CSG SERVICES of this SCHEDULE F, the "*****" means the following ***** configurations:

- List of redacted items with asterisks and some partial text like "(**)" and "*****".

- List of redacted items with asterisks.

- List of redacted items with asterisks and "(*)".

- List of redacted items with asterisks.

The ***** (*) *****:

- List of redacted items with asterisks.

- List of redacted items with asterisks and "as prescribed in proposed Ascendon SOW *** *)".

- List of redacted items with asterisks.

**** ***** - Defined



*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

As used in this Section XV. under CSG SERVICES of this SCHEDULE F, the "*****" means all of the *****
***** and ***** included in the ***** plus the following:

- ***** _ *****
- *****
- ***** _ *****
- *****
- *****
- ***** _ *****
- *****
- ***** (******) *****
- *****

- ***** (***** ***)

**ONE HUNDRED FIFTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
Charter Communications Holding company, LLC**

This One Hundred Fifth Amendment (the "Amendment") is made by and between **CSG Systems, Inc.** ("CSG"), and **Charter Communications Holding Company, LLC**, as successor in interest to **Time Warner Cable Inc.** ("Customer"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement executed March 13, 2003 (CSG document no. 1926320), and effective as of April 1, 2003, as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment, shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

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

- Upon execution of this Amendment and pursuant to the terms and conditions of the Agreement, which include Exhibit C-9, the Forty-fifth Amendment (CSG document number 2301452, executed June 28, 2010) (the "45th Amendment"), the Fifty-sixth Amendment (CSG document number 2309485, executed August 23, 2012) (the "56th Amendment"), and the Seventy-eighth Amendment (CSG document no. 2504255 executed February 27, 2014) (the "78th Amendment"), Customer agrees to pay the fees set forth below for additional capacity of Commercial Accounts for up to an additional *** (*****) commercial accounts for the ACP Commercial Upgrade Service ("Additional Capacity" or "Third Additional Capacity").

As a result, upon execution of this Amendment and pursuant to the terms and conditions of the Agreement, CSG SERVICES I, "Processing," of Schedule F, "Fees," to the Agreement shall be amended to add a new subsection G, below, titled "CSG Commercial Upgrade Services." For the avoidance of doubt, Section A of the following fee table was effective as of the effective date of the 45th Amendment, Section B was effective as of the effective date of the 56th Amendment, Section C was effective as of the effective date of the 78th Amendment, and Section D will be effective as of the effective date of this Amendment:

G. ACP Commercial Upgrade Services (Note 1) (Note 5)

Description of Item/Unit of Measure	Frequency	Fee
A. ACP Commercial Upgrade Service		
1. **** * to ** (Note 2)	*****	\$ *****
2. **** * and ***** (Note 3)	*****	\$ *****
B. First Additional Capacity Fee (Note 4)		
1. **** * to ** (Note 6)	*****	\$*****
2. **** * and ***** (Note 6)	*****	\$*****
C. Additional Capacity Fee - Second Additional Capacity (Note 4)		
1. **** * to ** (Note 6)	*****	\$*****
2. **** * and ***** (Note 6)	*****	\$*****
D. Additional Capacity Fee - Third Additional Capacity (Note 7)		
1. **** * to ** (Note 7)	*****	\$*****
2. **** * and ***** (Note 7)	*****	\$*****

Note 1: In addition to the fees provided in this Amendment, the existing CSC, as set forth in Section I.A.1 (under CSG SERVICES), and the ***** Fee for Voice Services, as set forth in Section I.A (under VOICE SERVICES) of Schedule E of the Agreement will apply to the commercial customer accounts associated with the ACP Commercial Upgrade Service. Notwithstanding anything in the Agreement to the contrary, if any Customer receives or elects to receive Account Hierarchy functionality while such Customer is receiving ACP Commercial Upgrade Service, CSG shall provide such Account Hierarchy functionality as part of the ACP Commercial Upgrade Service during the full initial ***** (**) ***** period and for so long thereafter until such Customer discontinues receiving the ACP Commercial Upgrade Service without any incremental fees to Customer for such Account Hierarchy functionality.

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

Note 2: Customer agrees to a ***** (**) ***** commitment for ACP Commercial Upgrade Service which shall include up to ***** (*****) commercial customer accounts with **** (*) non-wireless telephone lines or more, with ** ***** * ***** ***** , HSD or video services ("Initial Capacity"). Notwithstanding the foregoing, as a result of Customer 's commitment, upon Customer 's use or receipt of the ACP Commercial Upgrade Service being terminated pursuant to the Agreement or expiration of the Agreement and in the case of termination, for reasons other than by Customer pursuant to Section 6.1(c) or 6.1(d) in addition to all other amounts then due and owing to CSG for ACP Commercial Upgrade Services previously rendered , Customer shall pay any ***** fees for ACP Commercial Voice Services rendered and invoiced in accordance with this Amendment through the ***** during which such termination and/or expiration was effective and, in addition, the remaining term of the ***** (**) ***** commitment (***** fee multiplied by ***** (**) ***** , less any amounts previously paid). Further, for purposes of clarity, notwithstanding the ***** (**) ***** commitment period contemplated hereunder, in no event will such period extend past the expiration date of the Agreement unless the parties agree in writing to extend the Term of the Agreement and in such event, CSG shall continue to provide Customer with ACP Commercial Upgrade Service through the end of the unused portion of the ***** (**) ***** commitment period at no additional cost to Customer except, if applicable, usage transaction record fees pursuant to Note 5, after which the ***** (**) ***** and beyond rate will apply.

Note 3: Fee for the ACP Commercial Upgrade Service for the Initial Capacity following the ***** (**) ***** period. In the event Customer's use or receipt of the ACP Commercial Upgrade Service is terminated pursuant to the Agreement for reasons other than by Customer pursuant to Section 6.1(c) or 6.1(d), in addition to all other amounts then due and owing to CSG for ACP Commercial Upgrade Services previously rendered , Customer shall be responsible for any ***** fees for ACP Commercial Upgrade Services rendered and invoiced in accordance with this Amendment through the end of the month during which such termination was effective.

Note 4: For avoidance of doubt, Additional Capacity means additional capacity over the Initial Capacity, pursuant to the Amendment, of *** ***** (*****) commercial accounts with **** (*) non-wireless telephone lines or more, with ** ***** * ***** ***** , HSD or video services.

Note 5 : ACP Commercial Upgrade Service shall include consumption and processing of up to *** ***** ***** (**) usage transaction records per commercial customer account, per ***** . Usage transaction records over *** ***** ***** (**) per commercial account per ***** shall incur Commercial Voice Record Processing fees (per transaction record) referenced in Schedule F, as VOICE SERVICES, Subsection III, Ancillary Services Associated with Voice Services, Subsection 3.

Note 6: No commitment is made by Customer with respect to the Additional Capacity, and Customer may terminate the Additional Capacity at any time after providing at least ***** (**) ***** prior written notice to CSG. As of the effective date of such termination, Customer shall have no further obligation to pay the Additional Capacity Fee and CSG shall no longer be required to provide the Additional Capacity. In the event Customer's use of the Additional Capacity reaches ***** ***** (**)%, CSG shall notify Customer of such event and the parties agree to immediately work in good faith to negotiate an increased capacity and the associated fees.

Note 7: No commitment is made by Customer with respect to the Additional Capacity and Customer may terminate the Additional Capacity at any time after providing at least ***** (**) ***** prior written notice to CSG. As of the effective date of such termination, Customer shall have no further obligation to pay the Additional Capacity Fee and CSG shall no longer be required to provide the Additional Capacity. In the event Customer's use of the Third Additional Capacity reaches ***** ***** (**) or ***** ***** (*****) commercial customer accounts, CSG shall notify Customer of such event and the parties agree to immediately work in good faith to negotiate an increased capacity and the associated fees.

Invoicing Note: Solely for the ACP Commercial Upgrade Service, CSG agrees to separately invoice up to **** (*) Participating Affiliates designated by Customer for the ACP Commercial Upgrade Service ***** fee on such allocation basis as shall be provided by Customer; provided, however, that notwithstanding the foregoing, CSG shall invoice the Participating Affiliate responsible for causing any Commercial Voice Record Processing fees to apply (i.e., usage transaction records). Notwithstanding the foregoing, Customer may change the Participating Affiliates to be invoiced by CSG for the ACP Commercial Upgrade Service ***** fee and the applicable allocation basis by providing CSG with no less than ***** (**) ***** prior notice via e-mail of same, provided the aggregate equals the monthly ACP Commercial Upgrade fee. Customer and CSG acknowledge and agree that regardless of which Participating Affiliate is invoiced, Customer shall at all times be responsible for any amounts due and owing hereunder.

For clarification purposes, the Additional Capacity Fees listed in the above table shall be subject to Section 5.4 Adjustment to Fees of the Agreement commencing in *****.

2. Commencing promptly following the Effective Date, CSG shall provide the Third Additional Capacity and may thereafter invoice Customer in accordance with the above ***** fees, unless Customer terminates the Third Additional Capacity pursuant to Note 7 of the above table. As a result of the Third Additional Capacity hereunder, the total of ACP Commercial Accounts capacity is increased from ***** ***** (*****) to up to ***** ***** (*****).
3. Customer represents that Time Warner Cable Inc. merged into Spectrum Management Holding Company, LLC ("Spectrum"). Customer further represents that Spectrum assigned the Agreement to Charter Communications Holding Company, LLC, ("Charter") and Charter assumed all obligations under the Agreement. Charter also further agreed to assume, agreed to pay, discharge and perform, all of the obligations of Customer or its successor in interest, Spectrum, arising as of or from the date of *** **, *****. CSG and Customer hereby agree, all references to Customer in this Agreement shall mean Charter Communications Holding Company, LLC.

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

THIS AMENDMENT is executed as of the day and year last signed below (the "Effective Date").

CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Mike Ciszek

By: /s/ Gregory L. Cannon

Name: Mike Ciszek

Name: Gregory L. Cannon

Title: SVP, Billing Strat & Opns

Title: SVP, Secretary & General Counsel

Date: 8/5/16

Date: 8-11-16

ONE HUNDRED SEVENTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
TIME WARNER CABLE INC.

This **One Hundred Seventh Amendment** (the "Amendment") is made by and between **CSG Systems, Inc.** ("CSG"), and **Time Warner Cable Inc.** ("TWC"). CSG and TWC entered into a certain CSG Master Subscriber Management System Agreement executed March 13, 2003 (CSG document no. 1926320), and effective as of April 1, 2003, as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment, shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and TWC agree to the following as of the Effective Date (defined below):

1. A ***** has ***** between the parties regarding the ***** of ***** and ***** between ***** , **** and **** , ****. Customer ***** during such period CSG ***** Customer's ***** as a result of a ***** of ***** that ***** but are *** ***** to: (i) ***** to C***** ***** ***** , (ii) ***** to ***** ***** ** and (iii) ***** ** to ***** ***** ***** ** ***** in a ***** ***** (for purposes of this Amendment hereinafter referred to as the "*****"). Upon the Effective Date, the parties wish to ***** this ***** as follows ("***** *****"):

- a. CSG agrees to provide a ***** ***** ***** to TWC's **** ***** in the ***** of \$***** .
- b. The parties agree that the ***** ***** shall not ***** ** ***** of **** or ***** by ***** ***** ***** the *****. Therefore, ** ***** for the ***** provided in ***** ** ***** , each party agrees to ***** ***** the other party's **** and ***** ***** , ***** , ***** , ***** , ***** , ***** , if any, ***** ***** , ***** and ***** , **** , ***** , ***** and ***** ***** and ***** any and *** ***** , ***** of ***** and ***** with ***** to the ***** .

THIS AMENDMENT is executed as of the day and year last signed below (the "Effective Date").

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC ("CUSTOMER") CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Michael Ciszek	By: /s/ Gregory L. Cannon
Name: Michael Ciszek	Name: Gregory L. Cannon
Title: SVP - Billing Strategy & Operations	Title: VP & Chief Compliance Officer
Date: 6/30/2016	Date: 7-1-16

**ONE HUNDRED EIGHTH AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS HOLDING COMPANY, LLC**

This **One Hundred Eighth Amendment** (the "Amendment") is made by and between **CSG Systems, Inc.** ("CSG"), and **Charter Communications Holding Company, LLC, as successor in interest to Time Warner Cable Inc.** ("Customer"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement executed March 13, 2003 (CSG document no. 1926320), and effective as of April 1, 2003, as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment, shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and Customer agree as follows, as of the Effective Date (defined below):

1. CSG and Customer, pursuant to good faith negotiations and discovery related to acquisition of Time Warner Cable Inc., agree to the following:

CSG and Customer acknowledge and agree that CSG provides Products and Services pursuant to a CSG Master Subscriber Management Systems Agreement as amended between CSG and Charter Communications Holding Company, LLC (CSG document no. 2298875) (the "Charter Agreement"). CSG and Customer agree that the Connected Subscribers (as defined in the Charter Agreement) under the Charter Agreement will be used to determine the applicable CSC under this Agreement. As a matter of clarification, the Connected Subscribers under the Charter Agreement will be used for the purpose of determining the combined total number of Connected Subscribers that CSG supports under this Agreement and the Charter Agreement for the limited purpose of determining the applicable rate within the tiered pricing table for the Monthly Connected Subscriber Charge (per Connected Subscriber) for Video and Non-Rated High-Speed Data as set forth in Schedule F, FEES, CSG SERVICES, Section I.A.1. and the Monthly fee for Voice Services (per Connected Subscriber) as set forth in Schedule F, FEES, VOICE SERVICES, Section I.A. that will be applied for invoicing for the provision of Processing Services for the Connected Subscribers. Unless otherwise agreed by Customer and CSG pursuant to a duly executed amendment to this Agreement, the foregoing shall only apply for the period commencing ***** *, ****, and continuing through ***** **, ****.

2. Charter Communications, Inc., by its signature below, acknowledges and agrees that it is fully and wholly liable to CSG for Customer's performance under the Agreement.

[Signature Page Follows]

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

THIS AMENDMENT is executed as of the day and year last signed below (the "Effective Date").

CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Mike Ciszek

By: /s/ Gregory L. Cannon

Name: Mike Ciszek

Name: Gregory L. Cannon

Title: SVP, Billing Strat & Opns

Title: SVP, Secretary & General Counsel

Date: 7/15/16

Date: 7/19/16

**EIGHTY-NINTH AMENDMENT
TO
AMENDED AND RESTATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS HOLDING COMPANY, LLC**

This Eighty-ninth Amendment (the "Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG"), and **Charter Communications Holding Company, LLC**, a Delaware limited liability company ("Customer"). CSG and Customer entered into that certain Amended and Restated CSG Master Subscriber Management System Agreement dated February 9, 2009, as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and Customer agree as follows:

1. CSG and Customer, pursuant to good faith negotiation and discovery related to Customer's acquisition of the rights and obligations to Time Warner Cable, Inc. ("TWC"), agree to the following:

CSG and Customer acknowledge and agree that CSG provides Products and Services pursuant to a CSG Master Subscriber Management Systems Agreement (CSG document no. 1926320), as amended, entered into by CSG Systems, Inc. and TWC (hereinafter the "TWC Agreement"). CSG and Customer agree the Connected Subscribers (as defined in the TWC Agreement) will be used to determine the applicable Basic Services Charge ("BSC") under this Agreement. As a matter of clarification, the TWC Connected Subscribers will be used for the purpose of determining the combined total number of Connected Subscribers that CSG supports under both the Agreement and the TWC Agreement (collectively, for purposes of this Amendment, the "Agreements") for the limited purpose of determining the rate within the tiered pricing table of the BSC for Non-Rated Video and Non-Rated High-Speed Data and Residential Voice Services (per Connected Subscriber) as set forth in Schedule F, FEES, CSG SERVICES, Section I entitled "Processing," subsection a.i entitled "Basic Services Charge," that will be applied for invoicing for the provision of Processing Services for the Connected Subscribers. Unless otherwise agreed by Customer and CSG pursuant to a duly executed amendment to this Agreement, the foregoing shall only apply for the period commencing ***** *, ****, and continuing through ***** **, *****.

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

**CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC ("CUSTOMER")
By: Charter Communications, Inc., its Manager**

CSG SYSTEMS, INC. ("CSG")

By: /s/ Mike Ciszek

By: /s/ Gregory L. Cannon

Title: SVP, Billing Strat & Opns

Title: SVP, Secretary & General Counsel

Name: Mike Ciszek

Name: Gregory L. Cannon

Date: 7/15/16

Date: 7/19/16

**NINETY-FIRST AMENDMENT
TO THE
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS HOLDING COMPANY, LLC**

This **Ninety-first Amendment** (the "Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG"), and **Charter Communications Holding Company, LLC**, a Delaware limited liability company ("Customer"). CSG and Customer entered into that certain Amended and Restated CSG Master Subscriber Management System Agreement dated February 9, 2009, as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and Customer agree to the following as of the Effective Date (defined below):

1. Customer agrees to purchase and CSG agrees to provide an additional *** ***** (**) Vantage User IDs/Sessions. Accordingly, pursuant to the terms of the Eighth Amendment to the Agreement dated January 5, 2010 (CSG document no. 2301676), the Twenty-fifth Amendment dated March 12, 2012 (CSG document no. 2311963), the Thirty-second Amendment dated August 8, 2012 (CSG document no. 2313710), the Thirty-ninth Amendment dated June 7, 2013 (CSG document no. 2502779), the Forty-ninth Amendment dated June 13, 2014 (CSG document no. 2506656), the Fifty-first Amendment dated July 24, 2014 (CSG document no. 2507373), the Fifty-fifth Amendment dated October 16, 2014 (CSG document no. 2508276), the Seventy-first Amendment dated April 24, 2015 (CSG document no. 4105376), the Seventy-fourth Amendment dated June 5, 2015 (CSG document no. 4105523), the Eighty-eighth Amendment dated May 31, 2016 (CSG document no. 4111414) and this Amendment to the Agreement, the number of Vantage User IDs/Sessions will be increased from ***** (**) to ***** (**) and Customer.
2. Consistent with discussions between CSG and Customer concerning fees for the additional *** ***** (**) Vantage User IDs/Sessions under this Amendment, the parties agree that for the Term of the Agreement, unless earlier terminated by Customer by notice to CSG (email is sufficient), such *** ***** (**) Vantage User IDs/Sessions under this Amendment will be invoiced by CSG to Customer at the rate of ***** (**) of the License and Annual Maintenance Fees specified in Schedule F of the Agreement (the "Discounted Vantage User IDs/Sessions").
3. CSG and Customer acknowledge and agree that it is the intent of the parties that the Discounted Vantage User IDs/Sessions hereunder will be utilized concurrently with *** ***** (**) current Customer Vantage IDs/Sessions to allow users who query Customer's Vantage data to also query "TWC Vantage data."

For purposes of clarification, the referenced "TWC Vantage data" is that certain data in the CSG database as a result of that certain CSG Master Subscriber Management System Agreement executed on March 13, 2003, and effective as of April 1, 2003 (CSG document no. 1926320), as amended (the "TWC Agreement") by and between CSG and Spectrum Management Holding Company, LLC, as successor in interest to Time Warner Cable Inc. and available to Customer pursuant to that certain Assignment and Assumption Agreement executed by and between Spectrum Management Holding Company, LLC and Charter Communications Holding Company, LLC as of July 25, 2016 (CSG document number 4111976).

*** Confidential Treatment Requested and the Redacted Material has been separately filed with the Commission.

THIS AMENDMENT is executed as of the day and year last signed below (the "Effective Date").

CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Mike Ciszek

By: /s/ Gregory L. Cannon

Name: Mike Ciszek

Name: Gregory L. Cannon

Title: VP, Billing Strat & Operations

Title: SVP, Secretary & General Counsel

Date: 9/9/16

Date: 9-9-16

**NINETY-SECOND AMENDMENT
TO
AMENDED AND RESTATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS HOLDING COMPANY, LLC**

This Ninety-second Amendment (the "Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG"), and **Charter Communications Holding Company, LLC**, a Delaware limited liability company ("Customer"). CSG and Customer entered into that certain Amended and Restated CSG Master Subscriber Management System Agreement dated February 9, 2009, as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and Customer agree to the following as of the Effective Date (defined below):

1. Customer agrees to purchase and CSG agrees to provide an additional *** (***) Vantage User IDs/Sessions. Accordingly, pursuant to the terms of the Eighth Amendment to the Agreement dated January 5, 2010 (CSG document no. 2301676), the Twenty-fifth Amendment dated March 12, 2012 (CSG document no. 2311963), the Thirty-second Amendment dated August 8, 2012 (CSG document no. 2313710), the Thirty-ninth Amendment dated June 7, 2013 (CSG document no. 2502779), the Forty-ninth Amendment dated June 13, 2014 (CSG document no. 2506656), the Fifty-first Amendment dated July 24, 2014 (CSG document no. 2507373), the Fifty-fifth Amendment dated October 16, 2014 (CSG document no. 2508276), the Seventy-first Amendment dated April 24, 2015 (CSG document no. 4105376), the Seventy-fourth Amendment dated June 5, 2015 (CSG document no. 4105523), the Eighty-eighth Amendment dated May 31, 2016 (CSG document no. 4111414), the Ninety-first Amendment, dated September 9, 2016 (CSG document no. 4112393) and this Amendment to the Agreement, the number of Vantage User IDs/Sessions will be increased from *** ***** (*****) to *** ***** (*****) and Customer shall be invoiced accordingly.

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

**CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC ("CUSTOMER")
By: Charter Communications, Inc., its Manager**

CSG SYSTEMS, INC. ("CSG")

By: /s/ Mike Ciszek

By: /s/ Gregory L. Cannon

Title:

Title: SVP, Secretary & General Counsel

Name:

Name: Gregory L. Cannon

Date:

Date: 9-27-16

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

I, Bret C. Griess, certify that:

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

Date: November 3, 2016

/s/ Bret C. Griess
Bret C. Griess
President and Chief Executive Officer

**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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2016

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

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

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

Bret C. Griess, 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.

November 3, 2016

/s/ Bret C. Griess

Bret C. Griess
President and Chief Executive Officer

November 3, 2016

/s/ Randy R. Wiese

Randy R. Wiese
Executive Vice President and Chief Financial Officer