

# CSG SYSTEMS INTERNATIONAL INC

## FORM 10-K (Annual Report)

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Sector Technology  
Fiscal Year 12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

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)

**Securities Registered Pursuant to Section 12(b) of the Act:**

Title of Each Class

Name of Each Exchange on Which Registered

**Common Stock, Par Value \$0.01 Per Share**

**NASDAQ Stock Market LLC**

**Securities Registered Pursuant to Section 12(g) of the Act: None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 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 a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the last sales price of such stock, as of the close of trading on June 30, 2014, was \$859,503,967.

Shares of common stock outstanding at February 23, 2015: 34,177,137

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Proxy Statement for its 2015 Annual Meeting of Stockholders to be filed on or prior to April 30, 2015, are incorporated by reference into Part III of the Form 10-K.

CSG SYSTEMS INTERNATIONAL, INC.

2014 FORM 10-K

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## PART I

### Item 1. Business

#### Overview

CSG Systems International, Inc. (the “Company”, “CSG”, or forms of the pronoun “we”) is 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, content management and monetization, and customer interaction management platforms.

Our principal executive offices are located at 9555 Maroon Circle, Englewood, Colorado 80112, and the telephone number at that address is (303) 200-2000. Our common stock is listed on the NASDAQ Stock Market LLC (“NASDAQ”) under the symbol “CSGS”. We are a S&P Small Cap 600 company.

#### Industry Overview

*Background.* We provide business support solutions to the world’s leading communications service providers, as well as clients in several complex and highly competitive industries. Our solutions coordinate and manage many aspects of a service provider’s customer interactions, from the initial activation of customer accounts, to the support and fulfilment of various products and services, and through the presentment, collection, and accounts receivables management of monthly customer statements. While our heritage is in serving the North American video and satellite market, through acquisition and organic growth, we have broadened and enhanced our solutions to extend our business both globally and to a number of other industries including content distribution, media and entertainment, and telecommunications.

*Market Conditions of the Communications Industry.* As the majority of our clients operate within the global communications industry sector, the economic state of this industry directly impacts our business. The global communications industry has undergone significant fluctuations in growth rates and capital investment cycles over the past several years due to multiple competitive and economic factors. Current economic indices suggest a slow stabilization of the industry, but it is impossible to predict whether this stabilization will persist or be subject to future instability. In addition, industry consolidation continues as service providers look for ways to expand their markets, increase their revenues, and gain greater scale efficiencies in their operations.

The impact of these market factors has resulted in spending cautiousness with large transformational projects being displaced in favor of more incremental changes to business operations. Globally, mature operators are looking for ways to control costs, streamline operations, roll out new products and services quickly, and expand their scale, while operators in emerging markets are focusing on capitalizing on the growth of new services and the explosion of connected devices. Regardless of the specific situation, companies continue to have an increased focus on investing in those solutions and services that have a demonstrable short-term return on investments, generate new revenues, and help businesses remain competitive and meet rapidly changing consumer demands.

*Market Trends of Communications Industry.* The communications industry is experiencing heightened competition and a dramatic shift in purchasing power to the consumer as the consumer now has more choices for content, devices, and providers than ever before. There are three key trends that are emerging as communication service providers (“CSPs”) try to evolve and compete in this highly complex ecosystem.

- The first trend relates to an increased pressure for CSPs to find new revenue sources, while also managing their cost structure and quality of service delivery as their business evolves. CSPs are seeing a decline in revenues and profits associated with their traditional services like wireline voice and video as a result of new or increased competition. In order to offset these declining revenues and profits, CSPs are launching new and unproven revenue generating services with minimal capital investment, while also looking for ways to improve their cost structure. The result of these scenarios is that many CSPs are capping their investments on their traditional systems and looking for associated cost savings opportunities while launching new services with highly-flexible, lower cost solutions.
- The second trend CSPs are facing relates to the purchasing experience. Consumers have become accustomed to and value a simplified purchasing experience, much like they do with online apps like music or video downloads. In addition, communications services like voice, video, or data are being commoditized as a result of being bundled in an “all-you-can eat” package. In order to improve the overall consumer experience, CSPs are simplifying their requirements for billing and related services by moving much of the flexibility and nimbleness required for service activation and delivery into the network or the device, literally putting more control in the consumers’ hands.
- And finally, the last trend that is beginning to emerge is the evolution of the CSPs to a digital lifestyle services provider. In an “always-on” and connected digital society, some CSPs will desire to be the key source for content in a highly personalized experience based on individual consumer needs, desires and consumption history. These providers will look beyond their own network and provide ubiquitous access to digital services. The “brand” and the “experience” become much more important to these providers as brand loyalty and personalized experience play a larger role in purchasing decisions. They will no longer be competing solely with the traditional communication companies, but will also be competing against well-known brands like Apple, Amazon and Google for their share of the consumer’s wallet. And, importantly, they will be looking to create a digital services ecosystem that extends beyond the traditional video, entertainment and content services and offer everything from e-books to health care monitoring services, thereby increasing their ecosystem and revenue management complexity.

Overall, these market trends drive the demand for scalable, flexible, and cost-efficient revenue management and customer interaction management solutions, which we believe will provide us with revenue opportunities. As a result, we have historically invested a significant amount of our revenues in R&D and have acquired companies that enable us to expand our offerings in a more timely and efficient manner. We believe that our scalable, modular, and flexible solutions combined with our rich domain expertise provide the industry with proven solutions to improve their profitability and consumers’ experiences. We have specifically architected our solutions to provide operators with a more incremental approach to transforming their businesses, thereby reducing the risk associated with this evolution.

## **Business Strategy**

Our goal is to be the most trusted provider of world-class software and services to service providers around the world who depend upon the timely and accurate processing of complex, high-volume transactions to operate their business and deliver a superior customer experience. We believe that by successfully executing on this goal we can grow our revenues and earnings, and therefore, create long-term value, not only for our clients and our employees, but for our stockholders as well. Our strategic focus to accomplish this goal is as follows:

*Create Long-Term, Recurring Relationships Within The Communications Industry .* Our relentless, relationship-driven, customer-focused business approach is built on a foundation of respect, integrity, and collaboration. As a result, we enjoy long-term relationships with many of the world’s leading service providers based on a true partnership aimed at helping providers enable sustainable growth, create efficiencies, and deliver differentiated services to their customers.

*Expand Our Product and Services Portfolio Through Continuous Innovation.* We believe that our product technology and pre-integrated suite of software solutions gives service providers a competitive advantage. We continually add new, relevant capabilities to what we do as a company, both in terms of our people and our solutions. By doing this, we build very strong recurring relationships which are difficult for our competitors to displace.

*Increase Our Value Proposition Through Continuous Improvement.* As discussed earlier, the demands of consumers are significantly increasing as devices and networks continue to feed an insatiable appetite for content, information, and entertainment. In order to continue to help providers better compete in an environment in which network consumption is outpacing revenue generation, we continue to focus on being cost efficient in delivering our solutions, while helping our clients efficiently and effectively manage their business.

*Deliver On Our Commitments.* Our products and services are business critical. We help our clients manage the entire customer lifecycle, from acquisition to servicing to billing for their end customers. As a result, it is imperative that we deliver on our commitments. For over 30 years, we have been helping blue-chip companies manage periods of explosive and sustained market growth and change – helping them drive revenues, improve their profitability, and deliver positive customer experiences. Our track record of doing what we say we are going to do has enabled us to become embedded in our clients’ operations and be a trusted advisor and integral member of their teams.

*Bring New Skills and Talents to Market.* In order to help our clients manage the pace of change, we invest in our people so that they are prepared to bring the highest quality technical skills, interpersonal skills, and managerial skills to our business and our clients.

In summary, we are focused on helping our clients compete more effectively and successfully in an ever-changing market.

## Description of Business

*Key Clients .* We work with the leading communication providers located around the world. A partial list of those service providers as of December 31, 2014 is included below:

AT&T	Inmarsat
Bharti Airtel	Mediacom Communications
Cable One Inc.	MTN
Charter Communications, Inc.	Orange Telecom
Comcast Corporation (“Comcast”)	Singapore Telecommunications Ltd
Cox Communications	Telstra
DISH Network Corporation (“DISH”)	Time Warner Cable, Inc. (“Time Warner”)
ESPN	Telefônica
Hutchinson Whampoa 3G	Verizon

The North American communications industry has experienced significant consolidation over the past decade, resulting in a large percentage of the market being served by a limited number of service providers with greater size and scale, and there are possibilities of further consolidation, illustrated by the current proposed acquisition of Time Warner by Comcast. Consistent with this market concentration and our heritage in serving the North American cable and satellite markets, a large percentage of our historical revenues have been generated from our three largest clients, as shown in the table below. Clients that represented 10% or more of our revenues for 2014 and 2013 were as follows (in millions, except percentages):

	2014		2013	
	Amount	% of Revenues	Amount	% of Revenues
Comcast	\$ 162	22%	\$ 144	19%
DISH	112	15%	113	15%
Time Warner	83	11%	78	11%

See the Significant Client Relationships section of our MD&A for additional information regarding our business relationships with these key clients, including the potential impact to our business from the proposed Comcast acquisition of Time Warner, and related transactions with Charter Communication Inc. and its affiliates (“Charter”).

*Research and Development .* Our clients around the world are facing competition from new entrants and at the same time, are deploying new services at a rapid pace and dramatically increasing the complexity of their business operations. Therefore, we continue to make meaningful investments in R&D to ensure that we stay ahead of our clients’ needs and advance our clients’ businesses as well as our own. We recognize these challenges and believe our value proposition is to provide solutions that help our clients ensure that each customer interaction is an opportunity to create value and deepen the business relationship. As a result of our R&D efforts, we have not only broadened our footprint within our client base with many new innovative product offerings, but have also found success in penetrating new markets with portions of our suite of customer interaction management solutions.

Our total R&D expenses for 2014 and 2013 were \$104.7 million and \$110.0 million, respectively, or approximately 14% and 15% of total revenues. In the near term, we expect that our R&D investment activities will be relatively consistent with that of 2014, with the level of our total R&D spend highly dependent upon the opportunities that we see in our markets.

There are certain inherent risks associated with significant technological innovations. Some of these risks are described in this report in our Risk Factors section below.

*Products and Services.* Our products and services help companies with complex transaction-centric business models manage the opportunities and challenges associated with accurately capturing, managing, generating, and optimizing the revenue associated with the immense volumes of customer interactions and then manage the intricate nature of those customer relationships. Our primary product solutions include the following:

- **Cable and Satellite Care and Billing:** Our billing and customer care platform, Advanced Convergent Platform (“ACP”), is the premier system for cable and satellite providers in North America. ACP, a pre-integrated platform delivered in a private hosted cloud environment, is relied upon every single day by over 50 million consumers of voice, video, and data services, and is used by more than 95,000 of our clients’ customer service agents, and 50,000 of our clients’ field force technicians, dispatchers and routers.
- **Convergent Rating and Billing:** Our Singleview suite provides an integrated customer care, billing and real-time rating and charging solution for the global marketplace delivered in either a cloud or stand-alone environment. This solution is a real-time policy, charging, billing, and customer care solution designed from the ground up for convergent markets. Singleview inherently improves support and promotes optimization as a result of the single view of the customer across all services and transactions. As a result, the capabilities of the Singleview suite extend beyond the communications industry to other transaction-intensive markets including financial services, logistics, and transportation.
- **Mediation and Data Management:** Our Total Service Mediation (“TSM”) provides a comprehensive framework enabling network operators to achieve maximum efficiency with the lowest cost for all interactions between the network and other business support solution applications and related processes. The TSM framework supports offline and real-time mediation requirements as well as service activation. Recognized for its high performance and exceptional throughput, TSM provides the event processing foundation to manage today’s exploding network traffic.
- **Wholesale Settlement and Routing:** Our market-leading Wholesale Business Management Solution (“WBMS”) is a comprehensive and powerful settlements system delivered in either a cloud or stand-alone environment. It handles every kind of traffic – from simple voice to the most advanced data and content services – in a single, highly-integrated platform. It helps operators around the globe improve profits, meet strict regulatory and audit compliance requirements, and comply with the broadest range of global standards.
- **Customer Interaction Management:** Our customer interaction management solutions help deliver a unique, personal and relevant quality experience across all customer touch points – whether that is text, e-mail, web, print, or other communications methods. We are an industry leader in interaction management solutions, processing more than one billion interactive voice, SMS/text, print, e-mail, web, and fax messages each year on behalf of our clients.
- **Content Management & Monetization:** Our Content Direct solutions help manage, deliver, and monetize content to help build brand loyalty and create differentiated offerings for network operators, content aggregators, or content developers. Our Content Direct solutions enable content providers to manage subscriber preferences and offer digital content anytime, anywhere, to any device through a variety of models – direct, subscriber or subsidized.

In summary, we offer a fully integrated, cloud-based revenue and customer management solution, complemented with world-class applications software and customized software solutions, allowing us to provide one of the most comprehensive, flexible, pre-integrated products and services solutions to the communications market. We believe this pre-integrated approach and multiple delivery models allows our clients to bring new product offerings to market quickly and provide high-quality customer service in a cost effective manner. In addition, we also license certain software products (e.g., Singleview, TSM, and WBMS) and provide expert professional services to implement, configure, and maintain these software products.

Historically, a substantial percentage of our total revenues have been generated from ACP and Customer Interaction Management solutions. These products and services are expected to provide a large percentage of our total revenues in the foreseeable future as well.

*Business Acquisitions.* As noted above, our strategy includes acquiring assets and businesses which provide the technology and technical personnel to expedite our product development efforts, provide complementary products and services, increase market share, and/or provide access to new markets and clients. Consistent with this strategy, we have acquired six different businesses over the last seven years, with the most recent acquisitions highlighted as follows:

*Volubill.* In December of 2013, we acquired certain key assets of Volubill, a leading supplier of integrated, real-time policy and charging solutions to mobile, satellite and fixed broadband operators. With this acquisition, we expanded our current billing and revenue management portfolio with enhanced charging and policy capabilities that enable communications service providers to monetize their network and provide an improved customer experience.

*Ascade.* In July of 2012, we acquired one of the leading providers of trading and routing solutions to the telecom industry, Ascade Holdings AB (“Ascade”). With this acquisition, we expanded our solution offering to include trading and routing

solution capabilities and added approximately 75 wholesale billing customers to our client list. The acquisition expanded and strengthened our geographic presence by bringing product specialists and support resources to our combined 300+ wholesale customers worldwide.

*Intec.* In November of 2010, we acquired Intec Telecom Systems PLC (“Intec”) to expand our business support solutions footprint and capabilities. With this acquisition, we added the leading mediation (TSM) and wholesale billing solution (WBMS) to our product suite, as well as a pre-paid/post-paid convergent customer care and billing solution (Singleview). In addition, the acquisition increased our presence, as well as our domain expertise, in the wireless and wireline industries worldwide. The addition of Intec enabled us to support flexible delivery models, from on-site software delivery to outsourced processing models, supported by complementary services offerings, and provided us an infrastructure to expand our business globally.

*Professional Services.* We employ professional services experts globally who bring a wide-ranging expertise – including solution architecture, project management, systems implementation, and business consultancy – to every project. We apply a methodology to each of our engagements, leveraging consistent world-class processes, best-practice programs, and systemized templates for all engagements.

*Managed Services.* We expanded our managed services capabilities and expertise developed in our North American operations to international operators in early 2013. For our managed services clients, we assume long-term responsibility for delivering our software solutions and related operations under a defined scope and specified service levels, generally using our clients’ infrastructure and premises.

*Client and Product Support.* Our clients typically rely on us for ongoing support and training needs related to our products. We have a multi-level support environment for our clients, which include account management teams to support the business, operational, and functional requirements of each client. These account teams help clients resolve strategic and business issues and are supported by our International Service Desk (“ISD”) and Global Operations Service Management (“GOSM”), which we operate 24 hours a day, seven days a week. Clients call a telephone number, and through an automated voice response unit, have their calls directed to the appropriate ISD or GOSM personnel to answer their questions. We have a full-time training staff and conduct ongoing training sessions both in the field and at our training facilities.

*Sales and Marketing.* We organize our sales efforts to clients primarily within our geographically dispersed, dedicated account teams, with senior level account managers who are responsible for new revenues and renewal of existing contracts within a client account. The account teams are supported by sales support personnel who are experienced in the various products and services that we provide.

*Competition.* The market for business support solutions products and services in the communications industry, as well as in other industries we serve, is highly competitive. We compete with both independent providers and in-house developers of customer management systems. We believe that our most significant competitors in our primary markets are Amdocs Limited, Comverse Inc., NEC Corporation, and Oracle Corporation; network equipment providers such as Ericsson, Huawei, and Alcatel-Lucent; and internally-developed solutions. Some of our actual and potential competitors have substantially greater financial, marketing, and technological resources than us and in some instances we may actually partner and collaborate with our competitors on large opportunities and projects.

We believe service providers in our industry use the following criteria when selecting a vendor to provide customer care and billing products and services: (i) functionality, scalability, flexibility, interoperability, and architecture of the software assets; (ii) the breadth and depth of pre-integrated product solutions; (iii) product quality, client service, and support; (iv) quality of R&D efforts; and (v) price. We believe that our products and services allow us to compete effectively in these areas.

### **Proprietary Rights and Licenses**

We rely on a combination of trade secret, copyright, trademark, and patent laws in the United States and similar laws in other countries, and non-disclosure, confidentiality, and other types of contractual arrangements to establish, maintain, and enforce our intellectual property rights in our solutions. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated. Although we hold a limited number of patents and patent applications on some of our newer solutions, we do not rely upon patents as a primary means of protecting our rights in our intellectual property. In any event, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms. Our failure to adequately establish, maintain, and protect our intellectual property rights could have a material adverse impact on our business, financial condition, and results of operations. For a description of the risks associated with our intellectual property rights, see “Item 1A - Risk Factors - Failure to Protect Our Intellectual Property



Rights or Claims by Others That We Infringe Their Intellectual Property Rights Could Substantially Harm Our Business, Financial Condition and Results of Operations.”

## **Employees**

As of December 31, 2014, we had a total of 3,448 employees, an increase of 50 employees when compared to the number of employees we had as of December 31, 2013. Our success is dependent upon our ability to attract and retain qualified employees. None of our employees are subject to a collective bargaining agreement, but are subject to various foreign employment laws and regulations based on the country in which they are employed. We believe that our relations with our employees are good.

## **Available Information**

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy materials, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available free of charge on our website at [www.csgi.com](http://www.csgi.com). Additionally, these reports are available at the SEC’s Public Reference Room at 100 F Street, NE., Washington, D.C. 20549 or on the SEC’s website at [www.sec.gov](http://www.sec.gov). Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

## **Code of Business Conduct and Ethics**

A copy of our Code of Business Conduct and Ethics (the “Code of Conduct”) is maintained on our website. Any future amendments to the Code of Conduct, or any future waiver of a provision of our Code of Conduct, will be timely posted to our website upon their occurrence. Historically, we have had minimal changes to our Code of Conduct, and have had no waivers of a provision of our Code of Conduct.

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

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

Accordingly, the forward-looking statements are qualified in their entirety by reference to and are accompanied by the following meaningful cautionary statements identifying certain important risk factors that could cause actual results to differ materially from those in such forward-looking statements. This list of risk factors is likely not exhaustive. We operate in rapidly changing and evolving markets throughout the world addressing the complex needs of communication service providers, financial institutions, and many others, and new risk factors will likely emerge. Further, as we enter new market sectors such as financial services, as well as new geographic markets, we are subject to new regulatory requirements that increase the risk of non-compliance and the potential for economic harm to us and our clients. Management cannot predict all of the important risk factors, nor can it assess the impact, if any, of such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those in any forward-looking statements. Accordingly, there can be no assurance that forward-looking statements will be accurate indicators of future actual results, and it is likely that actual results will differ from results projected in forward-looking statements and that such differences may be material.

### ***We Derive a Significant Portion of Our Revenues From a Limited Number of Clients, and the Loss of the Business of a Significant Client Could Have a Material Adverse Effect on Our Financial Position and Results of Operations.***

Over the past decade, the worldwide communications industry has experienced significant consolidation, resulting in a large percentage of the market being served by a limited number of service providers with greater size and scale, and there are possibilities of further consolidation, illustrated by the current proposed acquisition of Time Warner by Comcast. Consistent with this market concentration, we generate over 40% of our revenues from our three largest clients, which are (in order of size) Comcast, DISH, and Time Warner, which each individually accounted for 10% or more of our total revenues. In addition, if the acquisition of Time Warner by Comcast is consummated without material deviation from its proposed form, we will experience greater concentration of our revenues with two clients, rather than three. See the Significant Client Relationships section of MD&A for key renewal dates and a brief summary of our business relationship with these clients, including the potential impact to our business from the proposed Comcast acquisition of Time Warner, and related transactions with Charter.

There are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of clients. One such risk is that a significant client could: (i) undergo a formalized process to evaluate alternative providers for services we provide; (ii) terminate or fail to renew their contracts with us, in whole or in part for any reason; (iii) 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 (iv) experience significant financial or operating difficulties. Any such development could have a material adverse effect on our financial position and results of operations and/or trading price of our common stock.

Our industry is highly competitive, and as a result, it is possible that a competitor could increase its footprint and share of customers processed at our expense or a provider could develop their own internal solutions. While our clients may incur some costs in switching to our competitors or their own internally-developed solutions, they may do so for a variety of reasons, including: (i) price; (ii) if we do not provide satisfactory solutions; or (iii) if we do not maintain favorable relationships.

***We May Not Realize Our Anticipated Growth With Comcast Related to New Customer Account Migration Opportunities.***

In July 2014, we entered into an expanded and extended contract with our largest client, Comcast. The expanded contract provides the framework for Comcast to consolidate its residential business onto our billing solution. Under the new agreement, Comcast added approximately two million residential customers onto our billing solution in late 2014. We believe we have the opportunity to migrate up to an additional eight million Comcast customer accounts that are currently on one of our competitor's platforms onto our solution over the next few years as part of any future standardization by Comcast of their residential business. In addition, if the proposed acquisition of Time Warner by Comcast is consummated, we believe we have the opportunity to migrate additional customer accounts if Comcast seeks to consolidate the acquired Time Warner business onto a single platform. Under this scenario, up to five million additional customer accounts could be migrated onto our platform over the next few years.

Although Comcast has expressed to us their intention to consolidate their residential customer accounts to our platform, they have no financial or legal requirement to do so. The timing of and the number of customer accounts to be migrated to CSG, if any, is at the discretion of Comcast. There can be no assurances, therefore, as to: (i) the timing or the number of any new customer accounts migrated to us by Comcast; or (ii) whether the Comcast and Time Warner merger will be consummated, and whether Comcast would choose to migrate any of the acquired Time Warner customer accounts onto our platform.

***We May Not Be Able to Efficiently and Effectively Implement New Solutions or Convert Clients onto Our Solutions.***

Our continued growth plans include the implementation of new solutions, as well as migrating both new and existing clients to our solutions. Such implementations or migrations (collectively referred to hereafter in this section as "implementations"), regardless of whether they involve new solutions or new customers, have become increasingly more difficult because of the sophistication, complexity, and interdependencies of the various software and network environments impacted, combined with the increasing complexity of the clients' underlying business processes. In addition, the complexity of the implementations increases when the arrangement includes other vendors participating in the project, including but not limited to, prime and subcontractor relationships with our company. For these reasons, implementations subject our clients' to potential business disruption, which could cause them to delay or even cancel future implementations.

As a result, there is a risk that we may experience cancellations of previously scheduled implementations, delays in an implementation, or unexpected costs associated with particular implementations. In addition, our inability to complete implementations in an efficient and effective manner could have a material adverse effect on our results of operations, and could damage our reputation in the market place, reducing our opportunity to grow our business with both new and existing clients.

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

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

Our Networks and Systems are subject to the risk of an extended interruption, outage, or security breach due to many factors such as: (i) planned changes to our Systems and Networks for such things as scheduled maintenance and technology upgrades, or migrations to other technologies, service providers, or physical location of hardware; (ii) human and machine error; (iii) acts of nature; and (iv)

intentional, unauthorized attacks from computer “hackers”, or cyber-attacks. Most recently, the marketplace is experiencing an ever-increasing exposure to both the number and severity of cyber-attacks. In addition, we continue to expand our use of the Internet with our product offerings thereby permitting, for example, our clients’ customers to use the Internet to review account balances, order services or execute similar account management functions. Allowing access to our Networks and Systems via the Internet has the potential to increase their vulnerability to unauthorized access and corruption, as well as increasing the dependency of our Systems’ reliability on the availability and performance of the Internet and end users’ infrastructure they obtain through other third party providers.

The method, manner, cause and timing of an extended interruption, outage, or security breach in our Networks or Systems are impossible to predict. As a result, there can be no assurances that our Networks and Systems will not fail, not suffer a security breach or that our business continuity or remediation plans will adequately mitigate the negative effects of a disruption or security breach to our Networks or Systems. Further, our property and business interruption insurance may not adequately compensate us for losses that we incur as a result of such interruptions or security breaches. Should our Networks or Systems: (i) experience an extended interruption or outage; (ii) have their security breached; or (iii) have their data lost, corrupted or otherwise compromised, it would impede our ability to meet product and service delivery obligations, and likely have an immediate impact to the business operations of our clients. This would most likely result in an immediate loss to us of revenue or increase in expense, as well as damaging our reputation. An information breach in our Systems or Networks and loss of confidential information such as credit card numbers and related information could have a longer and more significant impact on our business operations than a hardware-related failure. The loss of confidential information could result in losing the customers’ confidence, as well as imposition of fines and damages. Any of these events could have an immediate, negative impact upon our financial position and our short-term revenue and profit expectations, as well as our long-term ability to attract and retain new clients.

***The Occurrence or Perception of a Security Breach or Disclosure of Confidential Personally Identifiable Information Could Harm Our Business.***

In providing solutions to our clients, we process, transmit, and store confidential and personally identifiable information, including social security numbers and financial information. Our treatment of such information is subject to contractual restrictions and federal, state, and foreign data privacy laws and regulations. We use various data encryption strategies and have implemented measures to protect against unauthorized access to such information, and comply with these laws and regulations. These measures include standard industry practices such as periodic security reviews of our systems by independent parties, network firewalls, procedural controls, intrusion detection systems, and antivirus applications. Because of the inherent risks and complexities involved in protecting this information, these measures may fail to adequately protect this information. Any failure on our part to protect the privacy of personally identifiable information or comply with data privacy laws and regulations may subject us to contractual liability and damages, loss of business, damages from individual claimants, fines, penalties, criminal prosecution, and unfavorable publicity. Even the mere perception of a security breach or inadvertent disclosure of personally identifiable information could damage our reputation and inhibit market acceptance of our solutions. In addition, third party vendors that we engage to perform services for us may unintentionally release personally identifiable information or otherwise fail to comply with applicable laws and regulations. The occurrence of any of these events could have an adverse effect on our business, financial position, and results of operations.

***Our Business is Dependent Upon the Economic and Market Condition of the Global Communications Industry.***

Since the majority of our clients operate within the global communications industry sector, the economic state of this industry directly impacts our business. The global communications industry has undergone significant fluctuations in growth rates and capital investment cycles in the past decade. Current economic indices suggest a slow stabilization of the industry, but it is impossible to predict whether this stabilization will persist or be subject to future instability. In addition, industry consolidation continues as service providers look for ways to expand their markets and increase their revenues. A byproduct of this consolidation is that there could be fewer providers in the market, each with potentially greater bargaining power and economic leverage due to their larger size, which may result in our having to lower our prices to remain competitive, retain our market share, or comply with the surviving client’s current more favorable contract terms.

Continued consolidation, a significant retrenchment in investment by communications providers, or even a material slowing in growth (whether caused by economic, geo-political, competitive, or consolidation factors) could cause delays, cancellations or downward pricing pressure on our sales and services. This could cause us to either fall short of revenue expectations or have a cost model that is misaligned with revenues, either or both of which could have a material adverse effect on our financial position and results of operations.

We expect to continue to generate a significant portion of our future revenues from our North American cable and satellite operators. These clients operate in a highly competitive environment. Competitors range from traditional wireline and wireless providers to new entrants like new digital lifestyle service providers such as Hulu, YouTube, Google, Netflix, Apple, and Amazon. Should these

competitors be successful in their strategies, it could threaten our clients' market share, and thus our source of revenues, as generally speaking these companies do not use our core solutions and there can be no assurance that new entrants will become our clients. In addition, demand for spectrum, network bandwidth and content continues to increase and any changes in the regulatory environment could have a significant impact to not only our clients' businesses, but in our ability to help our clients be successful.

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

The market for business support solutions, such as customer care and billing solutions, is characterized by rapid changes in technology and is highly competitive with respect to the need for timely product innovations and new product introductions. As a result, we believe that our future success in sustaining and growing our revenues depends upon: (i) our ability to continuously expand, adapt, modify, maintain, and operate our solutions to address the increasingly complex and evolving needs of our clients without sacrificing the reliability or quality of the solutions; (ii) the integration of acquired technologies and their widely distributed, complex worldwide operations, assets and their widely distributed, complex worldwide operations; and (iii) creating and maintaining an integrated suite of customer care and billing solutions, which are portable to new verticals such as utilities, financial services, and content distribution. In addition, the market is demanding that our solutions have greater architectural flexibility and interoperability, and that we are able to meet the demands for technological advancements to our solutions at a greater pace. Our attempts to meet these demands subjects our R&D efforts to greater risks.

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

There is an inherent risk in the successful development, implementation, migration, integration, and operation of our solutions as the technological complexities, and the pace at which we must deliver these solutions to market, continue to increase. The risk of making an error that causes significant operational disruption to a client, or results in incorrect customer or vendor data processing that we perform on behalf of our clients, increases proportionately with the frequency and complexity of changes to our solutions and new delivery models. There can be no assurance: (i) of continued market acceptance of our solutions; (ii) that we will be successful in the development of enhancements or new solutions that respond to technological advances or changing client needs at the pace the market demands; or (iii) that we will be successful in supporting the implementation, migration, integration, and/or operations of enhancements or new solutions.

***A Reduction in Demand for Our Key Business Support Solutions Could Have a Material Adverse Effect on Our Financial Position and Results of Operations.***

Historically, a substantial percentage of our total revenues have been generated from our core outsourced processing product, ACP, and related solutions. These solutions are expected to continue to provide a large percentage of our total revenues in the foreseeable future. Any significant reduction in demand for ACP and related solutions could have a material adverse effect on our financial position and results of operations. Likewise, a large percentage of revenues derived from our software license and services business have been derived from wholesale billing, retail billing and mediation products which are typically associated with large implementation projects. A sudden downward shift in demand for these products or for our professional services associated with these products could have a material adverse effect on our financial position and results of operations.

***Variability of Our Quarterly Revenues and Our Failure to Meet Revenue and Earnings Expectations Would Negatively Affect the Market Price for Our Common Stock.***

Variability in quarterly revenues and operating results are inherent characteristics of the software and professional services industries. Common causes of a failure to meet revenue and operating expectations in these industries include, among others:

- The inability to close and/or recognize revenue on one or more material transactions that may have been anticipated by management in any particular period;
- The inability to renew timely one or more material maintenance agreements, or renewing such agreements at lower rates than anticipated; and
- The inability to complete timely and successfully an implementation project and meet client expectations materially within our cost estimates, due to factors discussed in greater detail below.

Software license, professional services, and maintenance revenues are a significant percentage of our total revenues. As our total revenues grow, so too does the risk associated with meeting financial expectations for revenues derived from our software licenses, professional services, and maintenance offerings. As a result, there is a proportionately increased likelihood that we may fail to meet revenue and earnings expectations of the investment community. Should we fail to meet analyst expectations, by even a relatively small amount, it would most likely have a disproportionately negative impact upon the market price of our common stock.

***Our International Operations Subject Us to Additional Risks.***

We currently conduct a portion of our business outside the U.S. We are subject to certain risks associated with operating internationally including the following items:

- Product development not meeting local requirements;
- Fluctuations in foreign currency exchange rates for which a natural or purchased hedge does not exist or is ineffective;
- Staffing and managing foreign operations;
- Longer sales cycles for new contracts;
- Longer collection cycles for client billings or accounts receivable, as well as heightened client collection risks, especially in countries with highly inflationary economies and/or restrictions on the movement of cash out of the country;
- Trade barriers;
- Governmental sanctions;
- Complying with varied legal and regulatory requirements across jurisdictions;
- Reduced protection for intellectual property rights in some countries;
- Inability to recover value added taxes and/or goods and services taxes in foreign jurisdictions;
- Political instability and threats of terrorism; and
- A potential adverse impact to our overall effective income tax rate resulting from, among other things:
  - Operations in foreign countries with higher tax rates than the U.S.;
  - The inability to utilize certain foreign tax credits; and
  - The inability to utilize some or all of losses generated in one or more foreign countries.

One or more of these factors could have a material adverse effect on our international operations, which could adversely impact our results of operations and financial position.

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

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

Acquisitions involve a number of risks and difficulties, including: (i) expansion into new markets and business ventures; (ii) the requirement to understand local business practices; (iii) the diversion of management's attention to the assimilation of acquired operations and personnel; (iv) being bound by acquired client or vendor contracts with unfavorable terms; and (v) potential adverse effects on a company's operating results for various reasons, including, but not limited to, the following items: (a) the inability to achieve financial targets; (b) the inability to achieve certain operating goals and synergies; (c) costs incurred to exit current or acquired contracts or activities; (d) costs incurred to service any acquisition debt; and (e) the amortization or impairment of acquired intangible assets.

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

***Our International Operations Require Us To Comply With Applicable U.S. and International Laws and Regulations.***

Doing business on a worldwide basis requires our company and our subsidiaries to comply with the laws and the regulations of the U.S. government and various international jurisdictions. In addition, the number of countries enacting anti-corruption laws and related

enforcement activities is increasing. These regulations place restrictions on our operations, trade practices and trade partners. In particular, our international operations are subject to U.S. and foreign anti-corruption laws and regulations such as the Foreign Corrupt Practices Act (“FCPA”), the U.K. Anti-Bribery Act and economic sanction programs administered by OFAC.

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business. In addition, the FCPA imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of “off books” slush funds from which such improper payment can be made. As part of our business, we regularly deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. We inform our personnel and third-party sales representatives of the requirements of the FCPA and other anti-corruption laws, including, but not limited to their reporting requirements. We have also developed and will continue to develop and implement systems for formalizing contracting processes, performing due diligence on agents and improving our recordkeeping and auditing practices regarding these regulations. However, there is no guarantee that our employees, third-party sales representatives or other agents have not or will not engage in conduct undetected by our processes and for which we might be held responsible under the FCPA or other anti-corruption laws.

Economic sanctions programs restrict our business dealings with certain countries and individuals. From time to time, certain of our foreign subsidiaries have had limited business dealings with entities in jurisdictions subject to OFAC-administered sanctions. As a result of our worldwide business, we are exposed to a heightened risk of violating anti-corruption laws and OFAC regulations. Violations of these laws and regulations are punishable by civil penalties, including fines, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment.

***Our Use of Open Source Software May Subject Us to Certain Intellectual Property-Related Claims or Require Us to Re-Engineer Our Software, Which Could Harm Our Business.***

We use open source software in connection with our solutions, processes, and technology. Companies that use or incorporate open source software into their products have, from time to time, faced claims challenging their use, ownership and/or licensing rights associated with that open source software. As a result, we could be subject to suits by parties claiming certain rights to what we believe to be open source software. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code in their software and make any derivative works of the open source code available on unfavorable terms or at no cost. In addition to risks related to license requirements, use of open source software can lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties, support, or controls with respect to origin of the software. Use of open source software also complicates compliance with export-related laws. While we take measures to protect our use of open source software in our solutions, open source license terms may be ambiguous, and many of the risks associated with usage of open source software cannot be eliminated. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our software, discontinue the sale of certain solutions in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, financial position, and results of operations.

***We Face Significant Competition in Our Industry.***

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

***Failure to Protect Our Intellectual Property Rights or Claims by Others That We Infringe Their Intellectual Property Rights Could Substantially Harm Our Business, Financial Position and Results of Operations.***

We rely on a combination of trade secret, copyright, trademark, and patent laws in the U.S. and similar laws in other countries, and non-disclosure, confidentiality, and other types of contractual arrangements to establish, maintain, and enforce our intellectual property rights in our solutions. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information. Others may independently discover trade secrets and proprietary information, which may complicate our assertion of trade secret rights against such parties. Costly and time consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and



failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the U.S. Therefore, in certain jurisdictions, we may be unable to protect our proprietary technology adequately against unauthorized third party copying or use, which could adversely affect our competitive position.

Although we hold a limited number of patents and patent applications on some of our solutions, we do not rely upon patents as a primary means of protecting our rights in our intellectual property. In any event, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

Finally, third parties may claim that we, our clients, licensees or other parties indemnified by us are infringing upon their intellectual property rights. Even if we believe that such claims are without merit, they can be time consuming and costly to defend and distract management's and technical staff's attention and resources. Claims of intellectual property infringement also might require us to redesign affected solutions, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our solutions. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology on reasonable pricing terms or at all, or substitute similar technology from another source, our business, financial position, and results of operations could be adversely impacted. Our failure to adequately establish, maintain, and protect our intellectual property rights could have a material adverse impact on our business, financial position, and results of operations.

***Client Bankruptcies Could Adversely Affect Our Business.***

In the past, certain of our clients have filed for bankruptcy protection. As a result of the current economic conditions and the additional financial stress this may place on companies, the risk of client bankruptcies is heightened. Companies involved in bankruptcy proceedings pose greater financial risks to us, consisting principally of the following: (i) a financial loss related to possible claims of preferential payments for certain amounts paid to us prior to the bankruptcy filing date, as well as increased risk of collection for accounts receivable, particularly those accounts receivable that relate to periods prior to the bankruptcy filing date; and/or (ii) the possibility of a contract being unilaterally rejected as part of the bankruptcy proceedings, or a client in bankruptcy may attempt to renegotiate more favorable terms as a result of their deteriorated financial condition, thus, negatively impacting our rights to future revenues subsequent to the bankruptcy filing. We consider these risks in assessing our revenue recognition and our ability to collect accounts receivable related to our clients that have filed for bankruptcy protection, and for those clients that are seriously threatened with a possible bankruptcy filing. We establish accounting reserves for our estimated exposure on these items which can materially impact the results of our operations in the period such reserves are established. There can be no assurance that our accounting reserves related to this exposure will be adequate. Should any of the factors considered in determining the adequacy of the overall reserves change adversely, an adjustment to the accounting reserves may be necessary. Because of the potential significance of this exposure, such an adjustment could be material.

***We May Incur Material Restructuring Charges in the Future.***

In the past, we have recorded restructuring charges related to involuntary employee terminations, various facility abandonments, and various other restructuring and reorganization activities. We continually evaluate ways to reduce our operating expenses through new restructuring opportunities, including more effective utilization of our assets, workforce, and operating facilities. As a result, there is a risk, which is increased during economic downturns and with expanded global operations, that we may incur material restructuring or reorganization charges in the future.

***Substantial Impairment of Goodwill and Other Long-lived Assets in the Future May Be Possible.***

As a result of various acquisitions and the growth of our company over the last several years, we have approximately \$225 million of goodwill, and \$130 million of long-lived assets other than goodwill (principally, property and equipment, software, and client contracts) as of December 31, 2014. These long-lived assets are subject to ongoing assessment of possible impairment summarized as follows:

- Goodwill is required to be tested for impairment on an annual basis. We have elected to do our annual test for possible impairment as of July 31 of each year. In addition to this annual requirement, goodwill is required to be evaluated for possible impairment on a periodic basis (e.g., quarterly) if events occur or circumstances change that could indicate a possible impairment may have occurred.
- Long-lived assets other than goodwill are required to be evaluated for possible impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

We utilize our market capitalization and/or cash flow models as the primary basis to estimate the fair value amounts used in our goodwill and other long-lived asset impairment valuations. If an impairment was to be recorded in the future, it could materially impact our results of operations in the period such impairment is recognized, but such an impairment charge would be a non-cash expense, and therefore would have no impact on our cash flows.

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

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

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

As of December 31, 2014, we were operating in over 35 leased sites around the world, representing approximately 630,000 square feet.

Our corporate headquarters is located in Englewood, Colorado. In addition, we lease office space in the United States in Alexandria, Virginia; Atlanta, Georgia; Bloomfield, New Jersey; Chicago, Illinois; Columbia, Maryland; Coppell, Texas, Omaha, Nebraska; Oxnard, California; and Philadelphia, Pennsylvania. The leases for these office facilities expire in the years 2015 through 2025. We also maintain leased facilities internationally in Australia, Brazil, Canada, China, Denmark, France, India, Ireland, Lebanon, Malaysia, Philippines, Poland, Russia, Singapore, South Africa, Sweden, United Arab Emirates, and the U.K. The leases for these international office facilities expire in the years 2015 through 2022. We utilize these office facilities primarily for the following: (i) client services, training, and support; (ii) product and operations support; (iii) systems and programming activities; (iv) professional services staff; (v) R&D activities; (vi) sales and marketing activities; and (vii) general and administrative functions.

Additionally, we lease two statement production and mailing facilities totaling approximately 176,000 square feet. These facilities are located in: (i) Omaha, Nebraska; and (ii) Wakulla County, Florida. The leases for these facilities expire in the 2018 and 2019, respectively.

We believe that our facilities are adequate for our current needs and that additional suitable space will be available as required. We also believe that we will be able to either: (i) extend our current leases as they terminate; or (ii) find alternative space without experiencing a significant increase in cost. See Note 9 to our Financial Statements for information regarding our obligations under our facility leases.

**Item 3. Legal Proceedings**

From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business.

In April 2014, the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”) issued a Cautionary Letter (the “Letter”) to the Company, instead of pursuing a civil monetary penalty, after completing its review of the following prior period matters:

- An administrative subpoena from OFAC requesting document and information related to the possibility of direct or indirect transactions with or to Iranian entities.
- Our voluntary disclosure to OFAC relating to certain business dealing in Syria.
- Our voluntary disclosure to OFAC relating to certain business dealings in Iran and another sanctioned/embargoed country.



The Letter represents OFAC's final enforcement response to the Company's apparent violations, but does not constitute a final agency determination as to whether violations have occurred. The Letter does not preclude OFAC from taking future enforcement action should new or additional information warrant renewed attention.

We are not presently a party to any material pending or threatened legal proceedings.

**Item 4. Mine Safety Disclosures**

Not applicable.

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**Executive Officers of the Registrant**

As of December 31, 2014, our executive officers were Peter E. Kalan (Chief Executive Officer and President), Randy R. Wiese (Executive Vice President and Chief Financial Officer), Joseph T. Ruble (Executive Vice President, General Counsel, Corporate Secretary and Chief Administrative Officer), and Bret C. Griess (Executive Vice President and Chief Operating Officer).

We have employment agreements with each of the executive officers.

***Peter E. Kalan***

***President and Chief Executive Officer***

Mr. Kalan, 55, currently serves as President and Chief Executive Officer for CSG. He joined the Company in January 1997, was appointed as Chief Financial Officer in August 2000, and named an Executive Vice President in 2004. In April 2005, he became Executive Vice President of Business and Corporate Development. In December 2007, Mr. Kalan was appointed Chief Executive Officer and President and a member of the Board of Directors. Prior to joining the Company, he was the Chief Financial Officer at Bank One, Chicago. He also held various other financial management positions with Bank One in Texas and Illinois from 1985 through 1996. Mr. Kalan holds a B.A. degree in Business Administration from the University of Texas at Arlington.

***Randy R. Wiese***

***Executive Vice President and Chief Financial Officer***

Mr. Wiese, 55, serves as Executive Vice President and Chief Financial Officer for CSG. Mr. Wiese joined CSG in 1995 as Controller and later served as Chief Accounting Officer. He was named Executive Vice President and Chief Financial Officer in April 2006. Prior to joining CSG, he was manager of audit and business advisory services and held other accounting-related positions at Arthur Andersen & Co. Mr. Wiese is a member of the AICPA and the Nebraska Society of Certified Public Accountants, and serves as Chairman of the Board for Habitat for Humanity-Omaha Chapter. He holds a B.S. degree in Accounting from the University of Nebraska-Omaha.

***Joseph T. Ruble***

***Executive Vice President, General Counsel, Corporate Secretary and Chief Administrative Officer***

Mr. Ruble, 54, serves as Executive Vice President, General Counsel, Corporate Secretary and Chief Administrative Officer for CSG, responsible for global oversight of the legal, strategy, corporate development, human resources, compliance, corporate communications, and real estate functions. Mr. Ruble joined CSG in 1997 as Vice President and General Counsel. In November 2000, he was appointed Senior Vice President of Corporate Development, General Counsel and Corporate Secretary. In February 2007, he was named Executive Vice President and Chief Administrative Officer. Prior to joining CSG, Mr. Ruble served from 1991 to 1997 as Vice President, General Counsel and Corporate Secretary for Intersolv, Inc., and as counsel to Pansophic Systems, Inc. for its international operations from 1988 to 1991. Prior to that, he represented the software industry in Washington, D.C. on legislative matters. Mr. Ruble holds a J.D. from Catholic University of America and a B.S. degree from Ohio University.

***Bret C. Griess***

***Executive Vice President and Chief Operating Officer***

Mr. Griess, 46, serves as Executive Vice President and Chief Operating Officer for CSG, responsible for the Company's product development, global operations, and professional services functions. Mr. Griess joined CSG in 1996 as a project manager and held a

variety of positions in Operations and Information Technology, until being appointed Executive Vice President of Operations in February 2009 and Chief Operating Officer in March 2011. Prior to joining CSG, Mr. Griess was Genesis Product Manager with Chief Automotive Systems from 1995 to 1996, and an information systems analyst with the Air Force from 1990 to 1995. Mr. Griess holds an M.A. degree in Management and a B.S. degree in Management from Bellevue University in Nebraska, an A.A.S. degree from the Community College of the Air Force, and an A.S. degree in Business Administration from Eastern Florida State College, formerly Brevard Community College.

### **Board of Directors of the Registrant**

Information related to our Board of Directors (the “Board”) as of December 31, 2014, is provided below.

#### ***Donald B. Reed***

Mr. Reed, 70, was elected to the Board in May 2005 and has served as the Company’s non-executive Chairman of the Board since January 2010. Mr. Reed is retired, having served as Chief Executive Officer of Cable & Wireless Global from May 2000 to January 2003. Cable & Wireless Global, a subsidiary of Cable & Wireless plc, is a provider of internet protocol (IP) and data services to business customers in the United States, United Kingdom, Europe and Japan. From June 1998 until May 2000, Mr. Reed served Cable & Wireless in various other executive positions. Mr. Reed’s career includes 30 years at NYNEX Corporation (now part of Verizon), a regional telephone operating company. From 1995 to 1997, Mr. Reed served NYNEX Corporation as President and Group Executive with responsibility for directing the company’s regional, national and international government affairs, public policy initiatives, legislative and regulatory matters, and public relations. Mr. Reed holds a B.S. degree in History from Virginia Military Institute.

#### ***Peter E. Kalan***

Mr. Kalan’s biographical information is included in the “Executive Officers of the Registrant” section shown directly above.

#### ***David G. Barnes***

Mr. Barnes, 53, was appointed to the Board in February 2014. He currently serves as the Chief Financial Officer and a Director for MWH Global, a private, employee-owned global provider of environmental engineering, construction and strategic consulting services. From 2006 to 2008, he was Executive Vice President of Western Union Financial Services. From 2004 to 2006, Mr. Barnes served as Chief Financial Officer of Radio Shack Corporation. From 1999 to 2004, he was Vice President, Treasurer and U.S. Chief Financial Officer for Coors Brewing Company. Mr. Barnes holds an M.B.A. degree from the University of Chicago and a B.A. degree from Yale University.

#### ***Ronald H. Cooper***

Mr. Cooper, 58, was elected to the Board in November 2006. He most recently served as the President and Chief Executive Officer of Clear Channel Outdoor Americas, Inc. from 2009 through 2012. Prior to this position, Mr. Cooper was a Principal at Tufts Consulting LLC from 2006 through 2009. He previously spent nearly 25 years in the cable and telecommunications industry, most recently at Adelphia Communications where he served as President and Chief Operating Officer from 2003 to 2006. Prior to Adelphia, Mr. Cooper held a series of executive positions at AT&T Broadband, RELERA Data Centers & Solutions, MediaOne and its predecessor Continental Cablevision, Inc. He has held various board and committee seats with the National Cable Television Association, California Cable & Telecommunications Association, Cable Television Association for Marketing, New England Cable Television Association and Outdoor Advertising Association of America. Mr. Cooper holds a B.A. degree from Wesleyan University.

#### ***John L. M. Hughes***

Mr. Hughes, 63, was appointed to the Board in March 2011. Mr. Hughes previously served as Chairman of the Board for Intec Telecom Systems plc for nearly six years until the company was acquired by us in 2010. Mr. Hughes currently serves as Chairman of the Board for Just-Eat Group plc, Sepura plc, Spectris plc, and Telety Group plc, and for privately-held Zenoss Core. He also is a Director on the board for privately-held Scorpion Ventures Limited. During the past five years, Mr. Hughes was formerly a Director on the boards of the public companies of Parity Group plc, NICE-Systems Ltd., Chloride Group plc, and Vitec Group plc. Mr. Hughes has been an advisor to Oakley Corporate Finance since 2012 and previously served as an advisor to Advent International, a private equity fund, from 2008 to 2011. Prior to his board positions, from 2000 to 2004, Mr. Hughes served as Executive Vice President and Chief Operating Officer for Thales Group, a leading European provider of complex systems for the defense, aerospace and commercial markets. Prior to 2000, he served as President of GSM/UMTS Wireless Networks of Lucent Technologies, and as the Director of Convex Global Field Operations and Vice President and Managing Director of Convex Europe, a division of Hewlett-

Packard Company. Mr. Hughes holds a B.S. degree in Electrical and Electronic Engineering from the University of Hatfield Polytechnic (now the University of Hertfordshire).

***Janice I. Obuchowski***

Ms. Obuchowski, 63, was elected to the Board in November 1997. Ms. Obuchowski is the founder and President of Freedom Technologies, Inc., a research and consulting firm providing public policy and strategic advice to companies in the communications sector, government agencies and international clients, since 1992. She was previously Chairman and Founder of Frontline Wireless, Inc., a public safety network start-up from 2007 through 2008. In 2003, Ms. Obuchowski was appointed by President George W. Bush to serve as Ambassador and Head of the U.S. Delegation to the World Radiocommunication Conference. She has served as Assistant Secretary for Communications and Information at the Department of Commerce and as Administrator for the National Telecommunications and Information Administration (NTIA) and as the head of international government relations at NYNEX. Ms. Obuchowski currently serves as a Director on the boards for Orbital ATK and Inmarsat. She also has served on several non-profit and other publicly traded company boards. She holds a J.D. degree from Georgetown University and a B.A. degree from Wellesley College, and also attended the University of Paris.

***Frank V. Sica***

Mr. Sica, 64, has served as a director of the Company since its formation in 1994. Mr. Sica is currently a Managing Partner of Tailwind Capital. From 2004 to 2005, Mr. Sica was a Senior Advisor to Soros Private Funds Management. From 2000 until 2003, he was President of Soros Private Funds Management, where he oversaw the direct real estate and private equity investment activities of Soros. In 1998, he joined Soros Fund Management where he was a Managing Director responsible for Soros' private equity investments. Mr. Sica was previously Managing Director for Morgan Stanley Merchant Banking Division. He currently serves as a Director on the boards of JetBlue Airways, Kohl's Corporation and Safe Bulkers, Inc., and formerly served as Director on the board for NorthStar Realty Finance Corporation during the past five years. Mr. Sica holds an M.B.A. degree from the Tuck School of Business at Dartmouth College and a B.A. degree from Wesleyan University.

***Donald V. Smith***

Mr. Smith, 72, was elected to the Board in January 2002. Mr. Smith is presently retired. Previously, he served as Senior Managing Director of Houlihan Lokey Howard & Zukin, Inc., an international investment banking firm with whom he has been associated from 1988 through 2009, and where he served on the board of directors. From 1978 to 1988, he served as Principal with Morgan Stanley & Co. Inc., where he headed their valuation and reorganization services. He is also on the board of directors of several non-profit organizations. Mr. Smith holds an M.B.A. degree from the Wharton Graduate School of the University of Pennsylvania and a B.S. degree from the United States Naval Academy.

***James A. Unruh***

Mr. Unruh, 74, was elected to the Board in June 2005. Mr. Unruh became a founding Principal of Alerion Capital Group, LLC, a private equity investment company, in 1998 and currently holds such position. Mr. Unruh was an executive with Unisys Corporation from 1987 to 1997, including serving as its Chairman and Chief Executive Officer from 1990 to 1997. From 1982 to 1986, Mr. Unruh held various executive positions, including Senior Vice President-Finance and Chief Financial Officer with Burroughs Corporation, a predecessor of Unisys Corporation. Prior to 1982, Mr. Unruh was Chief Financial Officer with Memorex Corporation and also held various executive positions with Fairchild Camera and Instrument Corporation, including Chief Financial Officer. Mr. Unruh currently serves as Director on the boards for Prudential Financial, Inc. and Tenet Healthcare Corporation, and formerly served as Director on the boards for Qwest Communications International, Inc. and CenturyLink, Inc. during the past five years. He holds an M.B.A. degree from the University of Denver and a B.S. degree from the University of Jamestown.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on NASDAQ under the symbol "CSGS". The following table sets forth, for the fiscal quarters indicated, the high and low sale prices of our common stock as reported by NASDAQ.

	<u>High</u>	<u>Low</u>	<u>Dividends Declared</u>
<b>2014</b>			
First quarter	\$ 32.11	\$ 25.59	\$ 0.1500
Second quarter	27.75	24.74	0.1575
Third quarter	28.45	25.52	0.1575
Fourth quarter	27.11	23.16	0.1575
<b>2013</b>			
First quarter	\$ 21.84	\$ 18.04	\$ —
Second quarter	22.06	19.93	0.1500
Third quarter	25.80	21.67	0.1500
Fourth quarter	29.81	23.80	0.1500

On February 24, 2015, the last sale price of our common stock as reported by NASDAQ was \$30.60 per share. On January 31, 2015, the number of holders of record of common stock was 163.

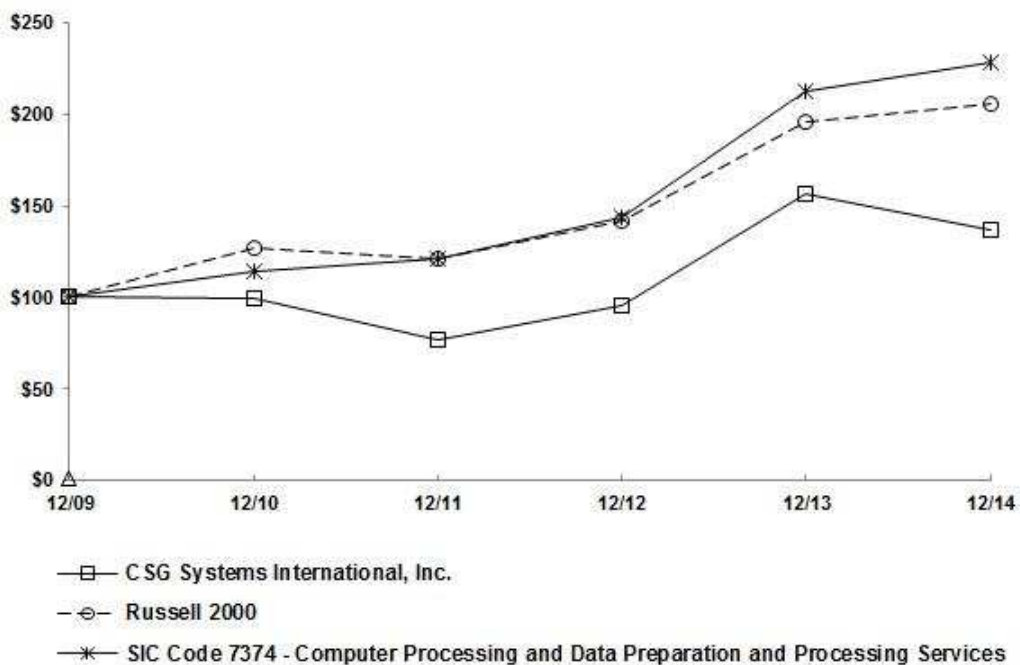
#### Dividends

In June 2013, our Board approved the initiation of a quarterly cash dividend to be paid to our stockholders for the first time in our history. Quarterly cash dividends were paid to stockholders in March, June, September, and December of 2014, as detailed in the table above. Going forward, we expect to continue to pay dividends each year in March, June, September, and December, with the amount and timing subject to the Board's approval. In January 2015, our Board declared a dividend of \$0.175 per share of common stock to be paid on March 26, 2015 for shareholders of record as of the close of business on March 11, 2015.

The payment of dividends is subject to the covenants of our Credit Agreement, and has certain impacts to our senior subordinated convertible contingent debt (the 2010 Convertible Notes). See Note 5 to our Financial Statements for additional discussion of our long-term debt.

## Stock Price Performance

The following graph compares the cumulative total stockholder return on our common stock, the Russell 2000 Index, and our Standard Industrial Classification (“SIC”) Code Index: Data Preparation and Processing Services during the indicated five-year period. The graph assumes that \$100 was invested on December 31, 2009, in our common stock and in each of the two indexes, and that all dividends, if any, were reinvested.



	As of December 31,					
	2009	2010	2011	2012	2013	2014
CSG Systems International, Inc.	\$ 100.00	\$ 99.21	\$ 77.06	\$ 95.23	\$ 156.77	\$ 136.82
Russell 2000 Index	100.00	126.86	121.56	141.43	196.34	205.95
Data Preparation and Processing Services	100.00	114.50	120.73	144.19	212.62	228.70

## Equity Compensation Plan Information

The following table summarizes certain information about our equity compensation plans as of December 31, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	—	\$ —	6,031,801

Of the total number of securities remaining available for future issuance, 5,532,252 shares can be used for various types of stock-based awards, as specified in the equity compensation plan, with the remaining 499,549 shares to be used for our employee stock purchase plan. See Note 11 to our Financial Statements for additional discussion of our equity compensation plans.

## Issuer Repurchases of Equity Securities

The following table presents information with respect to purchases of our common stock made during the fourth quarter of 2014 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.

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plan or Programs</u>
October 1 - October 31	151,506	\$ 25.97	151,100	1,787,681
November 1 - November 30	155,200	25.70	155,200	1,632,481
December 1 - December 31	242,706	25.34	235,034	1,397,447
Total	<u>549,412</u>	<u>\$ 25.62</u>	<u>541,334</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. In January 2015, our Board approved a 7.5 million increase in the number of authorized shares to be repurchased under our Stock Repurchase Program, bringing the remaining number of authorized shares available for repurchase under the program to approximately 9 million shares.

**Item 6. Selected Financial Data**

The following selected financial data have been derived from our audited financial statements. The selected financial data presented below should be read in conjunction with, and is qualified by reference to, our MD&A and our Financial Statements. The information below is not necessarily indicative of the results of future operations.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
(in thousands, except per share amounts)					
<b>Statements of Income Data:</b>					
Revenues (1)(2)(3)	\$ 751,286	\$ 747,468	\$ 756,866	\$ 734,731	\$ 549,379
Operating income (1)(2)(3)	75,690	76,704	96,574	96,285	74,342
Net income (1)	36,959	51,351	48,879	42,282	22,429
Weighted-average diluted shares outstanding	33,736	32,873	32,476	33,022	33,365
Diluted net income per common share	\$ 1.10	\$ 1.56	\$ 1.51	\$ 1.28	\$ 0.67
Dividend declared per share (5)	\$ 0.62	\$ 0.45	\$ -	\$ -	\$ -
<b>Balance Sheet Data (at Period End):</b>					
Cash, cash equivalents and short-term investments	\$ 201,800	\$ 210,837	\$ 169,321	\$ 158,830	\$ 215,550
Total assets	859,728	868,980	846,941	814,897	879,698
Total debt (1)(4)	255,831	265,050	274,698	309,744	374,687
Total treasury stock	757,478	738,372	728,243	714,893	704,963
Total stockholders' equity	367,723	366,104	326,639	274,714	237,078

- (1) On November 30, 2010, we completed the Intec acquisition, and as a result, one month of Intec's operations are included in our 2010 results (2010 includes approximately \$18 million of revenue related to Intec's one month of operations under our ownership). The purchase price was approximately \$255 million (net of \$109 million of acquired cash), and we incurred acquisition-related costs of \$26.2 million, and debt issuance costs of \$10.2 million. The \$26.2 million of acquisition-related costs were recorded as expenses in 2010, and the debt issuance costs were capitalized as part of our deferred financing costs for the related debt, and amortized over the life of the debt agreement. We financed the Intec acquisition by borrowing \$235 million against our Credit Agreement, with the remaining purchase price satisfied by using our existing cash.
- (2) On July 13, 2012, we acquired the Ascade business, and as a result, approximately six months of their operations are included in our 2012 results (approximately \$9 million of revenue impact) and a full twelve months of their operations are included in our 2013 and 2014 results. See the MD&A Basis of Discussion – Impact of Divestitures and Acquisitions section in our MD&A for further discussion of the Ascade acquisition. The overall cost of the Ascade acquisition was approximately \$19 million, and was paid from existing cash.
- (3) On July 1, 2013, we sold a small print operation, and on December 31, 2014, we sold our marketing analytics business marketed under the Quaero brand. As a result of these divestitures, 2014 revenue levels were approximately \$13 million lower when compared to our 2013 revenues generated from these businesses. We sold these businesses for a total of approximately \$6 million, and recorded a total loss on the dispositions of approximately \$3 million.
- (4) In November 2012, we refinanced our Credit Agreement in order to take advantage of improved market conditions. As a result, under the refinanced Credit Agreement, we: (i) borrowed \$150 million, thus paying down \$18 million of outstanding debt; (ii) extended the term from 2015 to 2017; and (iii) reduced the interest rate over current levels by 175 basis points.

In March 2010, we completed an offering of \$150 million of 3.0% senior subordinated convertible notes due March 1, 2017 to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. We used a portion of the proceeds to repurchase \$119.9 million (par value) of our 2004 Convertible Debt Securities for \$125.0 million.

In 2010 we repurchased \$145.2 million (par value) of our 2004 Convertible Debt Securities for \$151.0 million and recognized a loss on the repurchases of \$12.7 million. In June 2011, holders of \$24.1 million par value of our 2004 Convertible Debt Securities exercised their put option and we paid the par value and accrued interest to extinguish the securities. In June 2011, we exercised our option to call the remaining \$1.0 million par value of our 2004 Convertible Debt Securities, and extinguished the debt in July 2011.

See Note 5 to our Financial Statements for additional discussion of our debt.

- (5) In June 2013, our Board approved the initiation of a quarterly cash dividend to be paid to our stockholders for the first time in our history. Quarterly dividends are typically paid each year in March, June, September, and December with the amount and timing subject to the Board's approval.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### 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 above within Item 1A., "Risk Factors". Item 1A. constitutes an integral part of this report, and readers are strongly encouraged to review this section closely in conjunction with MD&A.

### MD&A Basis of Discussion - Impact of Divestitures and Acquisitions

Our Consolidated Statements of Income ("Income Statements" or "Income Statement") for the years ended December 31, 2014 and 2013 reflect the results of operations for the following acquisitions and divestitures:

- On December 31, 2013, we sold our marketing analytics business marketed under the Quero brand, which generated approximately \$11 million of revenue in 2013. As part of this transaction, we retained certain clients, which generated approximately \$3 million of this revenue in 2014.
- On December 3, 2013, we acquired certain key assets of Volubill, which had a minimal impact to our 2013 results of operations due to the timing of the acquisition and contributed revenue of approximately \$6 million in 2014.
- On July 1, 2013, we sold a small print operation, which generated revenues of approximately \$5 million in 2013.

As a result of these acquisitions and divestitures, amounts may not be comparable between years due to the timing of the transactions. The comparable differences have been described below where relevant or significant.

As a result of the divestitures of the two businesses mentioned above, 2014 revenue levels were approximately \$13 million lower as compared to our 2013 revenues generated from these businesses. This, however, was partially offset by the \$6 million of revenues generated from the Volubill acquisition. Overall, the 2013 acquisition and divestiture activity had a minimal impact to earnings in 2014.

### Management Overview

*Results of Operations.* A summary of our results of operations for 2014 and 2013, and other key performance metrics are as follows (in thousands, except percentages and per share amounts):

	Year Ended December 31,	
	2014	2013
Revenues	\$ 751,286	\$ 747,468
Operating results:		
Operating income	75,690	76,704
Operating income margin	10.1%	10.3%
Diluted earnings per share ("EPS")	\$ 1.10	\$ 1.56
Supplemental data:		
ACP customer accounts (end of period)	51,486	49,489
Acquisition-related charges	\$ -	\$ 62
Restructuring charges	13,969	12,405
Stock-based compensation	16,655	14,796
Amortization of acquired intangible assets	15,408	19,220
Amortization of OID	5,781	5,352

*Revenues.* Our revenues for 2014 were \$751.3 million, an increase of 1% when compared to \$747.5 million for 2013. The increase in total revenues is mainly attributed to the strong growth in processing revenues of approximately \$25 million that we experienced during 2014, which more than offset the lower software and services revenues for the year of approximately \$16 million and the approximately \$13 million year-over-year impact of the two business divestitures completed in the second half of 2013, discussed above.



The growth in our processing revenues for 2014 reflects the strength of our North American cable and satellite business, and the early successes around our international managed services offering. The lower software and services revenues reflect the elongated sales cycles we are currently experiencing in this area of our business, and the business challenges our clients are facing in growing their businesses, which reduces the demand for our software and services offerings.

*Operating Results.* Operating income for 2014 was \$75.7 million, or a 10.1% operating income margin percentage, relatively consistent when compared to \$76.7 million, or a 10.3% operating income margin percentage, for 2013.

*Diluted EPS.* Diluted EPS for 2014 was \$1.10 compared to \$1.56 for 2013, with the decrease almost entirely attributed to the unusually low effective income tax rate (“ETR”) for 2013 of 17%, compared to an ETR of 40% for 2014. The 2013 ETR benefited primarily from the recognition of incremental R&D income tax credits claimed for development activities from previous years and by the reduction of certain tax allowances related to foreign operations. The lower tax rate provided a benefit of approximately \$13 million, or \$0.42 per diluted share, to 2013.

*Balance Sheet and Cash Flows.* As of December 31, 2014, we had cash, cash equivalents, and short-term investments of \$201.8 million, as compared to \$210.8 million as of December 31, 2013. Cash flows from operating activities for 2014 were \$83.7 million, compared to \$126.6 million for 2013, with the decrease largely due to several income tax benefits realized in 2013 and the negative impact of unfavorable fluctuations in our working capital that we experienced in 2014, as discussed in further detail in the Liquidity section.

### **Capital Planning Activities**

In February 2015, we announced a planned increase in our capital allocation to shareholders, and an improvement in our capital structure, which includes the following key items:

- an 11% increase in our quarterly dividend effective for the first quarter of 2015;
- a planned increase in share repurchases of up to \$150 million under our Stock Repurchase Program over the next three years, and
- an amendment to our current credit agreement to provide additional capital capacity and flexibility in managing our capital structure over the next five years.

### **Significant Client Relationships**

*Comcast.* Comcast continues to be our largest client. For 2014 and 2013, revenues from Comcast were \$162 million and \$144 million, respectively, representing approximately 22% and 19% of our total revenues.

*Master Subscriber Management System Agreement.* On March 26, 2013, we entered into a new Master Subscriber Management System Agreement with Comcast to extend our relationship for an additional four years. The new agreement was effective March 1, 2013, and included a pricing discount over their previous contract rates. In exchange for these pricing discounts, the new agreement provides us with minimum commitments for the number of Comcast customer accounts to be processed on ACP and the exclusive right to provide print and mail services for those customer accounts processed on our systems.

*Amended Agreement.* On July 25, 2014, we entered into an amendment to our Master Subscriber Management System Agreement with Comcast (the “Amended Agreement”). The Amended Agreement provides the framework for Comcast to consolidate its residential customer accounts onto our ACP customer care and billing solution. Key changes included in the Amended Agreement are as follows:

#### Term Extension

- The terms of the Amended Agreement were effective July 1, 2014, and run through June 30, 2019 (a five-year initial term). In addition, Comcast has the option to extend the Amended Agreement for two consecutive one-year terms by exercising renewal options no later than January 1, 2019 for the first extension option, and January 1, 2020 for the second extension option.

#### Migration of Comcast Residential Customer Accounts

- The Amended Agreement modifies and adds pricing tiers above the level of customer accounts we currently process for Comcast, which will provide Comcast lower pricing per unit for incremental customer accounts brought under the Amended Agreement.
- Under the Amended Agreement, Comcast added over two million residential customer accounts onto ACP during the fourth quarter of 2014. We believe we have the opportunity to migrate up to an additional eight million Comcast customer accounts that are currently on one of our competitor’s platforms onto our solution over the next few years as part of any future standardization

by Comcast of their residential business. However, the timing of and the number of additional customer accounts to be migrated to CSG, if any, is at the discretion of Comcast. Therefore, there can be no assurances as to the timing or the number of additional customer accounts migrated to us by Comcast, or whether we will experience any further material increase in revenues or profits under the Amended Agreement. See our Risk factors for additional discussion.

#### Issuance of Warrants

- As an additional incentive for Comcast to migrate new customer accounts to ACP, the Amended Agreement includes the issuance of stock warrants (the “Warrant Agreement”) for the right to purchase up to approximately 2.9 million shares of our common stock (the “Stock Warrants”), 1.9 million warrants relate to Comcast’s existing residential business and the remaining 1.0 million warrants relate to additional residential customer accounts that Comcast may acquire and migrate onto ACP in the future. The Stock Warrants have a 10-year term and an exercise price of \$26.68 per warrant.
- The Stock Warrants represent potentially dilutive shares to earnings per share only to the extent the shares are “in the money” (under the treasury stock method), and not subject to performance vesting conditions.
- Comcast’s ability to exercise the Stock Warrants is tied primarily to the number of customer accounts Comcast migrates onto ACP. The vesting of the Stock Warrants is summarized as follows:
  - *Current Comcast Residential Business.* Up to 1.9 million of the Stock Warrants relate to Comcast’s existing residential business and vest(ed) as follows:
    - The first 25% of these Stock Warrants (approximately 0.5 million) vested upon the successful migration of the first 0.5 million customer accounts, which occurred during the fourth quarter of 2014 upon the successful migration of the two million Comcast customer accounts noted above.
    - The next 25% of these Stock Warrants had a time-based vesting provision, and vested in January 2015.
    - The next 25% of these Stock Warrants vest only after a cumulative total of 5.5 million customer accounts are migrated onto ACP.
    - The last 25% of these Stock Warrants vest proportionately based on the number of customer accounts migrated above 5.5 million accounts, with full vesting based on a target of 5.7 million customer accounts above the 5.5 million account level (i.e., a total target of 11.2 million customer account migrations).
  - *Potential Future Comcast Acquired Residential Business.* Should Comcast acquire additional residential customer accounts in the future, up to 1.0 million additional Stock Warrants will vest proportionately should these acquired customer accounts be migrated onto ACP from other providers’ billing platforms, with full vesting based on a target of 5 million newly migrated customer accounts.

A copy of the new Comcast agreement and related amendments, with confidential information redacted, is included in the exhibits to our periodic filings with the SEC.

*DISH.* DISH is our second largest client. For 2014 and 2013, revenues from DISH were \$112 million and \$113 million, respectively, representing approximately 15% of our total revenues for both periods. Our agreement with DISH runs through December 31, 2017.

The DISH agreement and related amendments, with confidential information redacted, is included in the exhibits to our periodic filings with the SEC.

*Time Warner.* Time Warner is our third largest client. For 2014 and 2013, revenues from Time Warner were \$83 million and \$78 million, respectively, representing approximately 11% of our total revenues for both periods.

On December 28, 2012, we entered into a contract renewal with Time Warner to extend our relationship for an additional four years through March 31, 2017, with an option to extend the term for one additional year by exercising the renewal option on or before September 30, 2016. The new agreement was effective April 1, 2013, and included a pricing discount over their previous contract rates. The new agreement provides us with commitments from Time Warner to purchase a minimum level of certain products and services over the contract term.

The Time Warner processing agreement and related amendments, with confidential information redacted, is included in the exhibits to our periodic filings with the SEC.

*Comcast/Time Warner/Charter Transactions.* In early 2014, Comcast announced its intent to acquire Time Warner. In conjunction with this transaction, Comcast, Time Warner, and Charter announced their intention to exchange certain customer accounts amongst them. Charter currently is our fourth largest client. Comcast’s acquisition of Time Warner, and the related exchange of customer

accounts amongst these entities, is pending review and approval by federal regulators. A decision is currently anticipated in 2015. It is not possible to predict with certainty whether, and if so in what form or timeframe, any of these transactions will be consummated.

Should any of the Time Warner or Charter customer accounts currently being processed by us be acquired by Comcast, then Comcast would be entitled to more favorable volume pricing terms. The annual effect of this more favorable pricing is estimated to be between \$15 and \$20 million. The net effect upon our results of operations for 2015 is therefore dependent upon the closing date and number of Time Warner and Charter customer accounts currently on our system that are acquired by Comcast. Although there are no assurances, we have the opportunity to offset some or all of this reduction in annual revenues with future, additional business from Comcast.

### Stock-Based Compensation Expense

Stock-based compensation expense is included in the following captions in our Income Statement (in thousands):

	2014	2013	2012
Cost of processing and related services	\$ 3,203	\$ 2,342	\$ 2,550
Cost of software and services	1,071	897	687
Cost of maintenance	201	253	195
Research and development	2,343	1,621	1,435
Selling, general and administrative	9,837	9,683	8,564
Total stock-based compensation expense	<u>\$ 16,655</u>	<u>\$ 14,796</u>	<u>\$ 13,431</u>

See Notes 2 and 11 to our Financial Statements for additional discussion of our stock-based compensation expense.

### Amortization of Acquired Intangible Assets

Amortization of acquired intangible assets is included in the following captions in our Income Statement (in thousands):

	2014	2013	2012
Cost of processing and related services	\$ 1,305	\$ 2,109	\$ 3,120
Cost of maintenance	14,103	17,111	19,597
Total amortization of acquired intangible assets	<u>\$ 15,408</u>	<u>\$ 19,220</u>	<u>\$ 22,717</u>

See Note 4 to our Financial Statements for additional discussion of our amortization of acquired intangible assets.

### 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. These critical accounting policies were determined by considering our accounting policies that involve the most complex or subjective decisions or assessments. The most critical accounting policies identified relate to: (i) revenue recognition; (ii) allowance for doubtful accounts receivable; (iii) impairment assessments of goodwill and other long-lived assets; (iv) income taxes; (v) business combinations and asset purchases, and (vi) loss contingencies. These critical accounting policies, as well as our other significant accounting policies, are disclosed in the notes to our Financial Statements.

**Revenue Recognition.** The revenue recognition policy that involves the most complex or subjective decisions or assessments that may have a material impact on our business' operations relates to the accounting for software license arrangements.

Our software and services revenue relates primarily to: (i) software license sales; and (ii) professional services to implement the software. Our maintenance revenue relates primarily to support of our software once it has been implemented.

The accounting for software license arrangements, especially when software is sold in a multiple-element arrangement, can be complex and may require considerable judgment. Key factors considered in accounting for software license and related services include the following criteria: (i) the identification of the separate elements of the arrangement; (ii) the determination of whether any undelivered elements are essential to the functionality of the delivered elements; (iii) the assessment of whether the software, if

hosted, should be accounted for as a services arrangement and thus outside the scope of the software revenue recognition literature; (iv) the determination of vendor specific objective evidence (“VSOE”) of fair value for the undelivered element(s) of the arrangement; (v) the assessment of whether the software license fees are fixed or determinable; (vi) the determination as to whether the fees are considered collectible; and (vii) the assessment of whether services included in the arrangement represent significant production, customization or modification of the software. The evaluation of these factors, and the ultimate revenue recognition decision, requires significant judgments to be made by us. The judgments made in this area could have a significant effect on revenues recognized in any period by changing the amount and/or the timing of the revenue recognized. In addition, because software licenses typically have little or no direct, incremental costs related to the recognition of the revenue, these judgments could also have a significant effect on our results of operations.

The initial sale of our software products generally requires significant production, modification or customization and thus falls under the guidelines of contract accounting. In these software license arrangements, the elements of the arrangements are typically a software license, professional services, and maintenance. When we have VSOE of fair value for the maintenance, which we generally do, we allocate a portion of the total arrangement fee to the maintenance element based on its VSOE of fair value, and the balance of the arrangement fee is subject to contract accounting using the percentage-of-completion (“POC”) method of accounting. Under the POC method of accounting, software license and professional services revenues are typically recognized as the professional services related to the software implementation project are performed. We are using hours performed on the project as the measure to determine the percentage of the work completed.

In certain instances, we sell software license volume upgrades, which provide our clients the right to use our software to process higher transaction volume levels. In these instances, if: (i) maintenance is the only undelivered element of the software arrangement; (ii) we have VSOE of fair value for the maintenance related to the volume upgrade; and (iii) we meet the other revenue recognition criteria, we recognize the software license revenue on the effective date of the volume upgrade.

A portion of our professional services revenues does not include an element of software delivery (e.g., business consulting services, etc.), and thus, do not fall within the scope of specific authoritative accounting literature for software arrangements. In these cases, revenues from fixed-price, professional service contracts are recognized using a method consistent with the proportional performance method, which is relatively consistent with our POC methodology. Under a proportional performance model, revenue is recognized by allocating revenue between reporting periods based on relative service provided in each reporting period, and costs are generally recognized as incurred. We utilize an input-based approach (i.e., hours worked) for purposes of measuring performance on these types of contracts. Our input measure is considered a reasonable surrogate for an output measure. In instances when the work performed on fixed price agreements is of relatively short duration, or if we are unable to make reasonably dependable estimates at the outset of the arrangement, we use the completed contract method of accounting whereby revenue is recognized when the work is completed.

Our use of the POC and proportional performance methods of accounting on professional services engagements requires estimates of the total project revenues, total project costs and the expected hours necessary to complete a project. Changes in estimates as a result of additional information or experience on a project as work progresses are inherent characteristics of the POC and proportional performance methods of accounting as we are exposed to various business risks in completing these engagements. The estimation process to support these methods of accounting is more difficult for projects of greater length and/or complexity. The judgments and estimates made in this area could: (i) have a significant effect on revenues recognized in any period by changing the amount and/or the timing of the revenue recognized; and/or (ii) impact the expected profitability of a project, including whether an overall loss on an arrangement has occurred. To mitigate the inherent risks in using the POC and proportional performance methods of accounting, we track our performance on projects and reevaluate the appropriateness of our estimates as part of our monthly accounting cycle.

Revenues from professional services contracts billed on a time-and-materials basis are recognized as the services are performed and as amounts due from clients are deemed collectible and contractually non-refundable.

Maintenance revenues are recognized ratably over the software maintenance service period. Our maintenance consists primarily of client and product support, technical updates (e.g., bug fixes, etc.), and unspecified upgrades or enhancements to our software products. If specified upgrades or enhancements are offered in an arrangement, which is rare, they are accounted for as a separate element of the software arrangement.

Revenues are recognized only if we determine that the collection of the fees included in an arrangement is considered probable (i.e., we expect the client to pay all amounts in full when invoiced). In making our determination of collectibility for revenue recognition purposes, we consider a number of factors depending upon the specific aspects of an arrangement, which may include, but is not limited to, the following items: (i) an assessment of the client’s specific credit worthiness, evidenced by its current financial position and/or recent operating results, credit ratings, and/or a bankruptcy filing status (as applicable); (ii) the client’s current accounts receivable status and/or its historical payment patterns with us (as applicable); (iii) the economic condition of the industry in which the client conducts the majority of its business; and/or (iv) the economic conditions and/or political stability of the country or region in which the client is domiciled and/or conducts the majority of its business. The evaluation of these factors, and the ultimate

determination of collectibility, requires significant judgments to be made by us. The judgments made in this area could have a significant effect on revenues recognized in any period by changing the amount and/or the timing of the revenue recognized.

*Allowance for Doubtful Accounts Receivable.* We maintain an allowance for doubtful accounts receivable based on client-specific allowances, as well as a general allowance. Specific allowances are maintained for clients which are determined to have a high degree of collectibility risk based on such factors, among others, as follows: (i) the aging of the accounts receivable balance; (ii) the client's past payment experience; (iii) the economic condition of the industry in which the client conducts the majority of its business; (iv) the economic condition and/or political stability of the country or region in which the client is domiciled and/or conducts the majority of its business; and (v) a deterioration in a client's financial condition, evidenced by weak financial position and/or continued poor operating results, reduced credit ratings, and/or a bankruptcy filing. In addition to the specific allowance, we maintain a general allowance for all our accounts receivable which are not covered by a specific allowance. The general allowance is established based on such factors, among others, as: (i) the total balance of the outstanding accounts receivable, including considerations of the aging categories of those accounts receivable; (ii) past history of uncollectible accounts receivable write-offs; and (iii) the overall creditworthiness of the client base. Our credit risk is heightened due to our concentration of clients within the global communications industry, and the fact that a large percentage of our outstanding accounts receivable are further concentrated with our largest clients. A considerable amount of judgment is required in assessing the realizability of accounts receivable. Should any of the factors considered in determining the adequacy of the overall allowance change significantly, an adjustment to the provision for doubtful account receivables may be necessary. Because of the overall significance of our gross billed account receivables balance (\$184.4 million as of December 31, 2014); such an adjustment could be material.

#### *Impairment Assessments of Goodwill and Other Long-Lived Assets.*

*Goodwill.* Goodwill is required to be tested for impairment on an annual basis. We have elected to do our annual test for possible impairment as of July 31 of each year. In addition to this annual requirement, goodwill is required to be evaluated for possible impairment on a periodic basis (e.g., quarterly) if events occur or circumstances change that could indicate a possible impairment may have occurred. Goodwill is considered impaired if the carrying value of the reporting unit, which includes the goodwill, is greater than the estimated fair value of the reporting unit. If it is determined that an impairment has occurred, an impairment loss (equal to the excess of the carrying value of the goodwill over its estimated fair value) is recorded.

As of July 31, 2014, we had goodwill of approximately \$236 million, which was assigned to a single reporting unit. Since we had only a single reporting unit, we used our public market capitalization as our primary means to estimate the fair value for that single reporting unit. Since our market capitalization exceeded the carrying value of our single reporting unit by a significant margin, we concluded there was no impairment of goodwill.

We believe that our approach for testing our goodwill for impairment was appropriate. However, if we experience a significant drop in our market capitalization due to company performance, and/or broader market conditions, it may result in an impairment loss. If a goodwill impairment was to be recorded in the future, it would likely materially impact our results of operations in the period such impairment is recognized, but such an impairment charge would be a non-cash expense, and therefore would have no impact on our cash flows, or on the financial position of our company.

*Other Long-lived Assets.* Long-lived assets other than goodwill, which for us relates primarily to property and equipment, software, and client contracts, are required to be evaluated for possible impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. A long-lived asset (or group of long-lived assets) is impaired if estimated future undiscounted cash flows associated with that asset, without consideration of interest, are insufficient to recover the carrying amount of the long-lived asset. Once deemed impaired, even if by \$1, the long-lived asset is written down to its fair value which could be considerably less than the carrying amount or future undiscounted cash flows. The determination of estimated future cash flows and, if required, the determination of the fair value of a long-lived asset, are by their nature, highly subjective judgments. Changes to one or more of the assumptions utilized in such an analysis could materially affect our impairment conclusions for long-lived assets.

*Income Taxes.* We are required to estimate our income tax liability in each jurisdiction in which we operate, which includes the U.S. (including both Federal and state income taxes) and numerous foreign countries.

Various judgments are required in evaluating our income tax positions and determining our provisions for income taxes. During the ordinary course of our business, there are certain transactions and calculations for which the ultimate income tax determination may be uncertain. In addition, we may be subject to examination of our income tax returns by various tax authorities which could result in adverse outcomes. For these reasons, we establish a liability associated with unrecognized tax benefits based on estimates of whether additional taxes and interest may be due. We adjust this liability based upon changing facts and circumstances, such as the closing of a tax audit, the closing of a tax year upon the expiration of a statute of limitations, or the refinement of an estimate. Should any of the

factors considered in determining the adequacy of this liability change significantly, an adjustment to the liability may be necessary. Because of the potential significance of these issues, such an adjustment could be material.

*Business Combinations and Asset Purchases.* Accounting for business combinations and asset purchases, including the allocation of the purchase price to acquired assets and assumed liabilities based on their estimated fair values, requires us in certain circumstances to estimate fair values for items that have no ready market or for which no independent market exists. Under such circumstances, we use our best judgment to determine a fair value based upon inference to other transactions and other data. As a result, the amounts determined by us for such items as accounts receivable, identifiable intangible assets, goodwill, and deferred revenue are not individually the result of an arm's length transaction, but are the result of management estimates of the fair value and the allocation of the purchase price. Accordingly, revenue recognized by us related to fulfillment of assumed contractual obligations under revenue arrangements is based on fair value estimates made by us.

For larger and/or more complex acquisitions, we utilize the services of an appraiser or valuation expert to assist us in the assignment of value to individual assets and liabilities. The assumptions we use in the appraisal or valuation process are forward-looking, and thus are subject to significant judgments and interpretations by us. Because individual assets and liabilities may be: (i) amortized over their estimated useful life (e.g., acquired software); (ii) not amortized at all (e.g., goodwill); and (iii) re-measured to fair value at a future reporting date until the acquisition accounting is finalized and/or a contingency is resolved (e.g., contingent consideration, preliminary measurements of assets or liabilities, etc.), the assigned values could have a material impact on our results of operations in current and future periods.

*Loss Contingencies.* In the ordinary course of business, we are subject to claims (and potential claims) related to various items including but not limited to the following: (i) legal and regulatory matters; (ii) client and vendor contracts; (iii) product and service delivery matters; and (iv) labor matters. Accounting and disclosure requirements for loss contingencies requires us to assess the likelihood of any adverse judgments in or outcomes to these matters, as well as the potential ranges of probable losses. A determination of the amount of reserves for such contingencies, if any, for these contingencies is based on an analysis of the issues, often with the assistance of legal counsel. The evaluation of such issues, and our ultimate accounting and disclosure decisions, are by their nature, subject to various estimates and highly subjective judgments. Should any of the factors considered in determining the adequacy of any required reserves change significantly, an adjustment to the reserves may be necessary. Because of the potential significance of these issues, such an adjustment could be material.

### **Detailed Discussion of Results of Operations**

*Total Revenues.* Total revenues for: (i) 2014 increased 1% to \$751.3 million, from \$747.5 million for 2013; and (ii) 2013 decreased 1% to \$747.5 million, from \$756.9 million for 2012.

- The 1% year-over-year increase between 2014 and 2013 is mainly due to the strong growth in processing revenues of approximately \$25 million that we experienced during 2014, which more than offset the lower software and services revenues for the year of approximately \$16 million and the approximately \$13 million year-over-year impact of the two business divestitures completed in the second half of 2013, discussed above.

The growth in our processing revenues for 2014 reflects the strength of our North American cable and satellite business, and the early successes around our international managed services offering. The lower software and services revenues reflect the elongated sales cycles we are currently experiencing in this area of our business, and the business challenges our clients are facing in growing their businesses, which reduces the demand for our software and services offerings.

- The 1% year-over-year decrease between 2013 and 2012 can attributed to the impact of the pricing discounts associated with the Comcast and Time Warner contract renewals that were effective on March 1, 2013 and April 1, 2013, respectively, and to a lesser degree, the divestiture of a small print operation in July 2013, as discussed above. The impact of these revenue reductions have been offset by the full year impact of the revenues from the Ascade acquisition and growth in other areas of our business.



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

	Year Ended December 31,		
	2014	2013	2012
<b>Revenues:</b>			
Processing and related services	\$ 562,109	\$ 537,453	\$ 544,649
Software and services	102,585	118,988	124,242
Maintenance	86,592	91,027	87,975
Total revenues	<u>\$ 751,286</u>	<u>\$ 747,468</u>	<u>\$ 756,866</u>

*Processing and Related Services Revenues.* Processing and related services revenues for: (i) 2014 increased 5% to \$562.1 million, from \$537.5 million for 2013; and (ii) 2013 decreased 1% to \$537.5 million, from \$544.6 million for 2012.

- The year-over-year increase between 2014 and 2013 in processing and related services revenues is due mainly to the following key items: (i) continued growth in our ACP processing revenues and several of our related ancillary products and services; and (ii) growth in our international managed services offering as a result of recent contract wins and service launches. These increases were offset to a certain degree by the year-over-year impact of the two business divestitures completed in the second half of 2013, discussed above, which combined, had a total net impact of approximately \$8 million on processing revenues for 2014.
- The year-over-year decrease between 2013 and 2012 can be attributed to the impact of the pricing discounts associated with the Comcast and Time Warner contract renewals, discussed in the Significant Client Relationships section above, and to a lesser degree, by approximately \$3 million of divested revenues from the sale of a small print operation in July 2013. The impact of these revenue reductions have been partially offset by the growth in other areas of our business.

Additional information related to processing revenues is as follows:

- Total customer accounts on our ACP managed service solution as of December 31, 2014, 2013, and 2012, were 51.5 million, 49.5 million, and 48.9 million, respectively.
- Amortization of the investments in client contracts intangible asset (reflected as a reduction of processing revenues) for 2014, 2013, and 2012, was \$6.4 million, \$6.2 million, and \$7.6 million, respectively.

*Software and Services Revenues.* Software and services revenues for: (i) 2014 decreased 14% to \$102.6 million, from \$119.0 million; and (ii) 2013 decreased 4% to \$119.0 million, from \$124.2 million for 2012.

- The year-over-year decrease from 2014 to 2013 is mainly attributed to extended sales cycles in our software and professional services business and continued low market demand for large transformational software and service deals, and to a much lesser degree, the divested services revenues related to our marketing analytics business at the end of 2013, which resulted in a decrease of approximately \$5 million for 2014.
- The year-over-year decrease from 2013 to 2012 is attributed primarily to the expected fluctuations in our software and professional services business. During 2013, we experienced lower software sales than in 2012, however, this decrease was offset to a certain degree by the full year impact of the Ascade revenues.

*Maintenance Revenues.* Maintenance revenues for: (i) 2014 decreased 5% to \$86.6 million, from \$91.0 million for 2013; and (ii) 2013 increased 3% to \$91.0 million, from \$88.0 million for 2012.

- The year-over-year decrease from 2014 to 2013 can be attributed to: (i) the timing of maintenance renewals and related revenue recognition; (ii) lower software license sales during the year, which translates to lower maintenance revenue; and (iii) pricing pressures that we have been experiencing on maintenance renewals, driven mainly by various market factors.
- The year-over-year increase from 2013 to 2012 is mainly attributed to the full year impact of the Ascade maintenance revenues.

*Total Operating Expenses.* Our operating expenses for: (i) 2014 increased 1% to \$675.6 million, from \$670.8 million for 2013; and (ii) 2013 increased 2% to \$670.8 million, from \$660.3 million for 2012.

- The \$4.8 million increase in total operating expenses between 2014 and 2013 can be mainly attributed to the increased cost of processing and related services between years, reflective of the increase in processing revenues we experienced during 2014, and to a lesser degree, the \$1.6 million year-over-year increase in restructuring and reorganization charges. These increases were partially offset by lower costs in software and services, and maintenance, which can be primarily attributed to the lower related revenues in 2014.

Additionally, during 2014, we incurred expenses related to the following items. These items largely offset each other within our total expenses, but were classified in different line items within our Income Statement for 2014:

- We recorded a provision of approximately \$5 million (included in the cost of software and services) for estimated cost overruns related to a large software and services implementation project. Because of the complexity of the overall project, the estimated costs and efforts required to complete the project increased significantly from our original expectations. In addition, we may experience additional changes in our overall estimated costs to complete this project in the future.
- We executed a settlement agreement ending litigation that we had asserted against a third party for patent infringement and misappropriation of trade secrets. In exchange for the release from the lawsuit we initiated, we will receive a total settlement of \$6 million, with a portion paid in 2014 and the remainder over the next three years. As a result, we recorded \$3.9 million (net of a time value discount and legal costs incurred) as a reduction of SG&A expenses in 2014.
- The \$10.5 million increase in total expenses between 2013 and 2012 can be mainly attributed to the \$9.9 million increase in restructuring and reorganization charges we incurred in 2013 and the full year impact of the expenses from the Ascade business. These increases were partially offset by a one-time benefit of approximately \$3 million from the favorable resolution of an expense item in 2013. In addition, a \$3.8 million impairment charge was recorded in 2012, with no such charge recorded in 2013.

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

*Cost of Processing and Related Services (Exclusive of Depreciation).* The cost of processing and related services revenues consists principally of the following: (i) data processing and network communications costs; (ii) statement production costs (e.g., labor, paper, envelopes, equipment, equipment maintenance, etc.); (iii) client support organizations (e.g., our client support call center, account management, etc.); (iv) various product support organizations (e.g., product management and delivery, product maintenance, etc.); (v) facilities and infrastructure costs related to the statement production and support organizations; and (vi) amortization of acquired intangibles. The costs related to new product development (including significant enhancements to existing products and services) are included in R&D expenses.

The cost of processing and related services for: (i) 2014 increased 9% to \$277.1 million, from \$253.8 million for 2013; and (ii) 2013 decreased 2% to \$253.8 million, from \$258.4 million for 2012. Total processing and related services cost of revenues as a percentage of our processing and related services revenues for 2014, 2013, and 2012, were 49.3%, 47.2%, and 47.4%, respectively.

- The year-over-year increase in cost of processing and related services between 2014 and 2013 is primarily due to the following key items: (i) an increase in our ACP data processing costs resulting from our clients' continued growth and increasing complexities of their businesses, thus requiring more computing resources; (ii) reassignment of resources related to increases in client directed and funded work on our ACP platform and our international managed services offering; and (iii) an increase in certain other variable costs related to corresponding increases in related revenues, to include our managed services offering.
- The year-over-year decrease in cost of processing and related services between 2013 and 2012 is mainly due to: (i) the \$3.8 million impairment charge recorded in 2012, related to the cancellation of a managed services arrangement where we had previously capitalized conversion/set-up services costs; (ii) a one-time benefit recorded in the fourth quarter of 2013 of approximately \$3 million resulting from the favorable resolution of an expense item; and (iii) the disposition of a small print operation in July 2013. These decreases were offset to a certain degree by expected increases in data processing and employee-related costs.

*Cost of Software and Services (Exclusive of Depreciation).* The cost of software and services revenues consists principally of the following: (i) various product support organizations (e.g., product management and delivery, etc.); (ii) professional services organization; (iii) facilities and infrastructure costs related to these organizations; and (iv) third-party software costs and/or royalties related to certain software products. The costs related to new product development (including significant enhancements to existing products and services) are included in R&D expenses.

The cost of software and services for: (i) 2014 decreased 5% to \$79.6 million, from \$84.2 million for 2013; and (ii) 2013 decreased slightly to \$84.2 million, from \$85.6 million for 2012. Total cost of software and services as a percentage of our software and services revenues for 2014, 2013, and 2012, were 77.6%, 70.8%, and 68.9%, respectively.

- The year-over-year decrease in cost of software and services between 2014 and 2013 is reflective of the lower revenues for the periods and a result of the reassignment of personnel and the related costs previously assigned internally to software and consulting projects to other projects, offset to a certain degree by the estimated cost overruns related to the



large software and services implementation project, discussed above. The impact of these cost overruns is evident in the increased cost of software and services as a percentage of our software and services revenues for 2014.

- The year-over-year increase in cost of software and services between 2013 and 2012 is primarily attributed to the Ascade acquisition.

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 consists principally of the following: (i) client support organizations (e.g., our client support call center, account management, etc.); (ii) various product support organizations (e.g., product maintenance, etc.); (iii) facilities and infrastructure costs related to these organizations; and (iv) amortization of acquired intangibles.

The cost of maintenance for: (i) 2014 decreased 17% to \$32.6 million, from \$39.2 million for 2013; and (ii) 2013 was \$39.2 million, relatively consistent when compared to \$39.9 million for 2012. The decrease between 2014 and 2013 is mainly attributed to lower amortization expense for certain technology assets that became fully amortized in previous periods and the reassignment of personnel and the related costs previously assigned internally to maintenance projects to other projects. Total cost of maintenance as a percentage of our maintenance revenues for 2014, 2013, and 2012, were 37.7%, 43.0%, and 45.3%, respectively.

*R&D Expense (Exclusive of Depreciation)*. R&D expense for: (i) 2014 decreased 5% to \$104.7 million, from \$110.0 million for 2013; and (ii) 2013 decreased 3% to \$110.0 million, from \$112.9 million for 2012. These decreases in R&D expense are primarily the result of a reassignment of resources previously allocated to development projects to other areas of the business, primarily client directed and funded work on our ACP platform.

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 turning transactions into revenues. This includes the continued investment in our BSS solutions aimed at improving a providers' time-to-market for new offerings, flexibility, scalability, and total cost of ownership.

As a percentage of total revenues, R&D expense for 2014, 2013, and 2012, was 13.9%, 14.7%, and 14.9%, respectively. We expect that our R&D investment activities in the near-term will be relatively consistent with those of the past few years, with the level of R&D spend highly dependent upon the opportunities that we see in our markets.

*Selling, General and Administrative Expense (Exclusive of Depreciation) ("SG&A")*. SG&A expense for: (i) 2014 increased 1% to \$153.5 million, from \$152.6 million for 2013; and (ii) 2013 increased 10% to \$152.6 million, from \$138.8 million for 2012.

- The increase in SG&A expense between 2014 and 2013 is mainly due to the investments we are making towards new initiatives, to include our international managed services offering, our content monetization platforms, and cyber security offering (i.e., our Invotas product). Additionally, included in the 2014 SG&A expense is the \$3.9 million reduction of expense related to the settlement agreement discussed above.
- The increase in SG&A expense between 2013 and 2012 is primarily due to additional investments we are making towards new initiatives, to include our international managed services offering and our cyber security offering, in addition to the full year impact of the additional SG&A cost related to the Ascade business.

As a percentage of total revenues, SG&A expense for 2014, 2013, and 2012 was 20.4%, 20.4%, and 18.3%, respectively. As anticipated, our SG&A costs as a percentage of our revenues increased from 2012 as a result of the investments that we are making towards new initiatives, as noted above, and the acquisitions of the Ascade and Volubill businesses.

*Depreciation Expense*. Depreciation expense for all property and equipment is reflected separately in the aggregate and is not included in the cost of revenues or the other components of operating expenses. Depreciation expense for 2014, 2013, and 2012, was \$14.1 million, \$18.6 million, and \$22.3 million, respectively. These decreases in depreciation expense are primarily the result of certain assets becoming fully depreciated, and to a lesser degree, the assets sold as part of our 2013 divestitures.

*Restructuring and Reorganization Charges*. In 2014, 2013, and 2012, we implemented various cost reduction and efficiency initiatives that resulted in restructuring and reorganization charges of \$14.0 million, \$12.4 million, and \$2.5 million, respectively. These initiatives included: (i) the reorganization of our Content Direct solution to facilitate its alignment across our offerings, including management programs and incentives; (ii) reducing our workforce to further align it around our long-term growth initiatives; (iii) the

divestitures of our Quero marketing analytics business and a small print operation; (iv) the termination of our previously frozen defined benefit pension plan; and (v) the abandonment of certain space at some of our facility locations. We completed these initiatives in order to better align and allocate our resources around our long-term growth initiatives. See Note 6 to our Financial Statements for additional information regarding these initiatives.

*Operating Income.* Operating income and operating income margin for: (i) 2014 was \$75.7 million, or 10.1% of total revenues, compared to \$76.7 million, or 10.3% of total revenues for 2013; and (ii) 2013 was \$76.7 million, or 10.3% of total revenues, compared to \$96.6 million, or 12.8% of total revenues for 2012.

- The decreases in operating income and operating income margin between 2014 and 2013 can be mainly attributed to the additional \$1.6 million of restructuring and reorganization charges recorded in 2014, discussed above.
- The decreases in operating income and operating income margin between 2013 and 2012 are driven mainly by the increases in restructuring and reorganization charges and SG&A costs and the impact of the Comcast and Time Warner pricing discounts, discussed above.

*Interest Expense and Amortization of Original Issue Discount (“OID”).* Our interest expense relates primarily to our 2010 Convertible Notes and our Credit Agreement. See Note 5 to our Financial Statements for additional discussion of our long-term debt, to include the non-cash interest expense related to the amortization of the convertible debt OID.

Interest expense for: (i) 2014 decreased to \$10.5 million, from \$11.6 million for 2013; and (ii) 2013 decreased to \$11.6 million, from \$16.0 million for 2012.

- The decrease in interest expense between 2014 and 2013 can be primarily attributed to the lower average debt balance outstanding in 2014 as compared to 2013.
- The decrease in interest expense between 2013 and 2012 can be primarily attributed to the debt refinancing we did in November 2012, which reduced the interest rate over the current levels by 175 basis points, and due to a lower average debt balance outstanding.

*Income Tax Provision.* Our effective income tax rates for 2014, 2013, and 2012 were as follows:

2014	2013(1)	2012(2)
40%	17%	37%

(1) Our 2013 effective income tax rate was positively impacted by the following items:

- The recognition of approximately \$6 million of R&D tax credits that we generated in 2012 but were recorded in the first quarter of 2013. As a result of the American Taxpayer Relief Act of 2012 being signed into law on January 2, 2013, we were unable to include these credits in the determination of our 2012 effective income tax rate, as a change in tax law is accounted for in the period of enactment. Thus, the benefit of these credits is reflected in our 2013 effective income tax rate.
- The recognition of incremental R&D income tax credits claimed for development activities from previous years, which provided a benefit of approximately \$5 million.
- The reduction of certain tax allowances related mainly to foreign operations, offset by increases in tax reserves for uncertainties, provided for the remaining net benefit of approximately \$2 million.

(2) During 2012, our effective income tax rate was positively impacted by the following items: (i) certain tax improvement initiatives we implemented in 2012; (ii) an improvement in the income tax expense related to our foreign operations; and (iii) a benefit related to the passage of new state legislation that required us to alter the method of how we source our revenues for state income tax purposes.

## Liquidity

*Cash and Liquidity.* As of December 31, 2014, our principal sources of liquidity included cash, cash equivalents, and short-term investments of \$201.8 million, compared to \$210.8 million as of December 31, 2013. We generally invest our excess cash balances in low-risk, short-term investments to limit our exposure to market and credit risks.

At December 31, 2014, as part of our Credit Agreement, we have a senior secured revolving loan facility (“Revolver”) with a syndicate of financial institutions. As of December 31, 2014, there were no borrowings outstanding on the Revolver. The Credit

Agreement contains customary affirmative covenants and financial covenants. As of December 31, 2014, and the date of this filing, we believe that we are in compliance with the provisions of the Credit Agreement.

In February 2015, as a result of the refinancing of our Credit Agreement, we increased the amount of the Revolver from \$100 million to \$200 million, increased the balance on our term debt by \$30 million, and extended the term of the agreement such that it now expires in February 2020 (see Note 5 to our Financial Statements).

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):

	December 31,	December 31,
	2014	2013
Americas (principally the U.S.)	\$ 175,070	\$ 187,596
Europe, Middle East and Africa	22,098	18,665
Asia Pacific	4,632	4,576
Total cash, equivalents and short-term investments	<u>\$ 201,800</u>	<u>\$ 210,837</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 December 31, 2014, we had \$4.7 million of cash restricted as to use to collateralize outstanding letters of credit.

*Cash Flows From Operating Activities.* We calculate our cash flows from operating activities beginning with net income, adding back the impact of non-cash items or non-operating activity (e.g., depreciation, amortization, amortization of OID, impairments, deferred income taxes, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities.

Our primary source of cash is from our operating activities. Our current business model consists of a significant amount of recurring revenue sources related to our long-term managed services arrangements (mostly billed monthly), and software maintenance agreements (billed monthly, quarterly, or annually). This recurring revenue base provides us with a reliable and predictable source of cash. In addition, software license fees and professional services revenues are sources of cash, but the payment streams for these items are less predictable.

The primary use of our cash is to fund our operating activities. Over half of our total operating costs relate to labor costs (both employees and contracted labor) for the following: (i) compensation; (ii) related fringe benefits; and (iii) reimbursements for travel and entertainment expenses. The other primary cash requirements for our operating expenses consist of: (i) data processing and related services and communication lines for our outsourced processing business; (ii) postage, paper, envelopes, and related supplies for our statement processing solutions; (iii) hardware and software; and (iv) rent and related facility costs. These items are purchased under a variety of both short-term and long-term contractual commitments. A summary of our material contractual obligations is provided below.

See “Cash Flows From Investing Activities” and “Cash Flows From Financing Activities” below for the other primary sources and uses of our cash.

Our 2013 and 2014 net cash flows from operating activities, broken out between operations and changes in operating assets and liabilities, for the indicated quarterly periods are as follows (in thousands):

	<u>Operations (1)</u>	<u>Changes in Operating Assets and Liabilities (2)</u>	<u>Net Cash Provided by Operating Activities – Totals</u>
<b>Cash Flows from Operating Activities:</b>			
<b>2013:</b>			
March 31	\$ 41,320	\$ (18,776)	\$ 22,544
June 30	31,308	7,494	38,802
September 30	29,634	(4,398)	25,236
December 31	30,396	9,656	40,052
Year-to-date total	<u>\$ 132,658</u>	<u>\$ (6,024)</u>	<u>\$ 126,634</u>
<b>2014:</b>			
March 31	\$ 27,983	\$ (36,561)	\$ (8,578)
June 30	24,804	43	24,847
September 30	22,452	(2,815)	19,637
December 31	30,675	17,070	47,745
Year-to-date total	<u>\$ 105,914</u>	<u>\$ (22,263)</u>	<u>\$ 83,651</u>

- (1) Cash flows from operations for the full year 2014 compared to 2013 were lower due primarily to the following tax benefits realized in 2013: (i) reduction of certain tax allowances related to foreign operations; (ii) incremental R&D income tax credits claimed for development activities from previous years; and (iii) recognition of 2012 R&D tax credits that were recognized in the first quarter of 2013, due to the legislation being passed by Congress in January 2013.
- (2) Cash flows from changes in operating assets and liabilities for the full year 2014 were negatively impacted by unfavorable changes in working capital items, primarily related to the increases in trade accounts receivable and the timing of income tax payments.

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 for such things as 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 2014 and 2013 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 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 based on the billings for the period (including non-revenue items) divided by the average monthly net trade accounts receivable balance for the period.

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

Quarter Ended	Gross	Allowance	Net Billed	DBOs
2013:				
March 31	\$ 182,711	\$ (3,618)	\$ 179,093	64
June 30	176,271	(3,750)	172,521	65
September 30	177,800	(3,043)	174,757	65
December 31	180,870	(2,359)	178,511	64
2014:				
March 31	\$ 198,840	\$ (3,104)	\$ 195,736	64
June 30	194,413	(2,798)	191,615	69
September 30	193,760	(2,736)	191,024	70
December 31	187,692	(3,323)	184,369	65

During the second and third quarters of 2014, we experienced a deterioration of our DBO, which has historically been a relatively consistent metric for us, as evidenced by the table above. This increase in our DBO can be mainly attributed to our international software and services business, which saw a decrease in billings during 2014, without a corresponding decrease in accounts receivable due to project milestone timing, delayed payments, and monetary restrictions in certain jurisdictions. Additionally, we experienced an increase in gross and net billed accounts receivable in the first three quarters of 2014 related primarily to the timing around certain recurring client payments (all from different clients) that were delayed at each quarter end, which also negatively impacted our DBO. As these monthly payments were received subsequent to each quarter-end, they did not raise any collectability concerns and our fourth quarter DBO has returned to historical levels.

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):

	2014	2013
March 31	\$ 39,541	\$ 26,836
June 30	39,592	35,426
September 30	39,513	41,347
December 31	42,439	38,365

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.

### Income Taxes Payable/Receivable

For 2014, our cash flows used in operating activities related to income taxes payable/receivable was \$3.5 million, compared to cash flows provided by operating activities related to income taxes payable/receivable of \$4.6 million for 2013. This net \$8.1 million change is primarily due to the timing of our estimated Federal and state income tax payments, but is also reflective of the net \$19.0 million increase between years of cash paid for income taxes, which can be attributed to the income tax benefits realized in 2013, discussed above.

*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. However, during 2013, we: (i) sold our marketing analytics business and a small print operation which resulted in net proceeds from the disposition during 2014 and 2013 of \$1.1 million and \$4.5 million, respectively; and (ii) acquired certain key assets of Volubill for \$2.9 million, net of cash acquired. Additionally, in 2012, we acquired the Ascade business for \$19.1 million, net of cash acquired. These activities are included in our cash flows from investing activities.

### Purchases/Sales of Short-term Investments.

During 2014, 2013, and 2012 we purchased \$190.4 million, \$183.6 million, and \$65.4 million, respectively, and sold or had mature \$197.5 million, \$89.7 million, and \$42.1 million, respectively, of short-term investments. We continually evaluate the possible uses of our excess cash balances and will likely purchase and sell additional short-term investments in the future.

### Property and Equipment/Client Contracts.

Our annual capital expenditures for property and equipment, and investments in client contracts were as follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Property and equipment	\$ 25,985	\$ 30,076	\$ 33,221
Client contracts	5,600	7,092	4,629

Our capital expenditures for these periods consisted principally of investments in: (i) computer hardware, software, and related equipment; (ii) facilities and internal infrastructure items; and (iii) statement production equipment.

Our investments in client contracts for 2014, 2013, and 2012 relate primarily to: (i) cash incentives provided to clients to convert their customer accounts to, or retain their customer's accounts on, our managed services solutions; and (ii) direct and incremental costs incurred for conversion/set-up services related to long-term managed services arrangements where we are required to defer conversion/set-up services fees and recognize those fees as the related services are performed. For 2014, 2013, and 2012 our: (i) investments in client contracts related to cash incentives were \$3.0 million, \$6.5 million, and \$0.5 million, respectively; and (ii) the deferral of costs related to conversion/set-up services provided under long-term managed services contracts were \$2.6 million, \$0.6 million, and \$4.1 million, respectively.

*Cash Flows From Financing Activities*. Our financing activities typically consist of various debt-related transactions and activities with our common stock, which are discussed below.

### Issuance of Common Stock.

Proceeds from the issuance of common stock for 2014, 2013, and 2012 were \$1.4 million, \$1.6 million, and \$1.9 million, respectively, and relates primarily to employee stock purchase plan purchases.

### Repurchase of Common Stock.

During 2014, 2013, and 2012, we repurchased approximately 733,000, 500,000, and 823,000 shares of our common stock under the guidelines of our Stock Repurchase Program for \$19.1 million, \$10.1 million, and \$13.3 million, respectively. In addition, outside of our Stock Repurchase Program, during 2014, 2013, and 2012, we repurchased from our employees and then cancelled approximately 252,000 shares, 264,000 shares, and 197,000 shares, of our common stock for \$6.9 million, \$5.4 million, and \$3.2 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

### Cash Dividends Paid on Common Stock.

During 2014 and 2013, the Board approved dividend payments totaling \$21.3 million and \$15.2 million, respectively, of which \$20.5 million and \$14.5 million had been paid through December 31, 2014 and 2013 (with the remaining amount attributed to unvested incentive shares to be paid upon vesting).

### Long-term debt.

During 2014, we made a total of \$15 million of principal repayments on our long-term debt balance to bring the total Term Loan balance outstanding as of December 31, 2014 to \$120 million.

During 2013, we made a total of \$15 million of principal repayments on our long-term debt balance to bring the total Term Loan balance outstanding as of December 31, 2014 to \$135 million.

During 2012, we repaid a total of \$40 million of our long-term debt balance to bring the total Term Loan balance outstanding as of December 31, 2012 to \$150 million. Additionally, in connection with the refinancing of the Credit Agreement in 2012, we paid deferred financing costs of \$2.5 million.

See Note 5 to our Financial Statements for additional discussion of our long-term debt.

### **Contractual Obligations and Other Commercial Commitments and Contingencies**

We have various contractual obligations that are recorded as liabilities in our Consolidated Balance Sheets. Other items, such as certain purchase commitments and other executory contracts are not recognized as liabilities in our Balance Sheet, but are required to be disclosed.

The following table summarizes our significant contractual obligations and commercial commitments as of December 31, 2014, and the future periods in which such obligations are expected to be settled in cash (in thousands).

	Total	Less than 1 year	Years 2-3	Years 4-5	More than 5 Years
Long-term debt	\$ 286,946	\$ 29,912	\$ 257,034	\$ -	\$ -
Leases	95,411	14,111	25,094	21,394	34,812
Purchase obligations	171,019	70,356	84,703	4,566	11,394
Other obligations	22,976	5,744	11,488	5,744	-
Total	<u>\$ 576,352</u>	<u>\$ 120,123</u>	<u>\$ 378,319</u>	<u>\$ 31,704</u>	<u>\$ 46,206</u>

The contractual obligation amounts reflected for our long-term debt are as of December 31, 2014, based upon the following assumptions:

- (i) our 2010 Convertible Notes are outstanding through their maturity date of March 1, 2017; upon settlement, our cash obligation will not exceed their principal amount; and interest paid through their life is at a rate of 3.0% per annum;
- (ii) our Credit Agreement includes the mandatory quarterly amortization payments on the term loan as of December 31, 2014, and the interest paid throughout the life of the term loan is based upon the interest rate applicable as of December 31, 2014.

In February 2015, we refinanced our existing Credit Agreement with several financial institutions. Our long-term debt obligations and subsequent refinancing are discussed in more detail in Note 5 to our Financial Statements.

The operating leases are discussed in Note 9 to our Financial Statements. Our purchase obligations consist primarily of our expected minimum base fees under the Infocrossing service agreement (discussed in Note 9 to our Financial Statements), and data communication and business continuity planning services.

The other obligations reflect the requirement for us to pay cash of approximately \$23 million ratably over five years related to the deferred income tax liabilities associated with our repurchase of the 2004 Convertible Debt Securities as discussed in Note 7 to our Financial Statements.

Of the total contractual obligations and commercial commitments above, approximately \$315 million is reflected on our Balance Sheet.

## Off-Balance Sheet Arrangements

None

## 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 December 31, 2014, we had cash, cash equivalents, and short-term investments of \$201.8 million, of which approximately 86% is in U.S. Dollars and held in the U.S. We have \$4.7 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.
- 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 December 31, 2014, we had a \$100 million senior secured revolving loan facility with a syndicate of financial institutions. As of December 31, 2014, we had no borrowing outstanding on our revolving loan facility and had the entire \$100 million available to us.

In February 2015, we refinanced our existing Credit Agreement, which extended the term of the agreement into February 2020, and increased the revolving credit facility from \$100 million dollars to \$200 million dollars. As of the date of this filing, we had no borrowings outstanding on our revolving credit facility, and had full access to the available \$200 million. This amended Credit Agreement provides us with additional capital capacity, and greater flexibility to manage our capital structure over the next five years, including options to settle our convertible debt that matures in early 2017. Our long-term debt obligations, and subsequent amendment to our Credit Agreement, are discussed in more detail in Note 5 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. During the year ended December 31, 2014, we repurchased 0.7 million shares of our common stock for \$19.1 million (weighted-average price of \$26.05 per share) under our Stock Repurchase Program. As of December 31, 2014, we had 1.4 million shares authorized for repurchase remaining under our Stock Repurchase Program. Our Credit Agreement places certain limitations on our ability to repurchase our common stock.

In February 2015, we announced an increase in our planned share repurchases of up to \$150 million under our Stock Repurchase Program over the next three years, with key facets of this plan outlined as follows:

- Our Board approved a 7.5 million share increase in the number of shares authorized for repurchase under the Stock Repurchase Program, bringing the total number of shares authorized to 42.5 million, and the total remaining shares available for repurchase to approximately 9 million.
- Under our plan, we may repurchase the shares in the open market or in privately negotiated transactions, including through an accelerated stock repurchase (ASR) plan or under a Rule 10b5-1 plan. The actual timing and amount of share repurchases will be dependent on then current market conditions and other business-related factors over the next three years.

Our common stock repurchases are discussed in more detail in Note 10 to our Financial Statements.

- Cash Dividends. During the year ended December 31, 2014, the Board approved dividend payments totaling \$21.3 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. In January 2015, our Board approved an increase in our quarterly cash dividend by 11% going from \$0.1575 per share of common stock to \$0.175 per common share of common stock, effective with the first quarterly dividend declared by our Board in January 2015 for payment on March 26, 2015.
- 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 2014, we spent \$26.0 million on capital expenditures. At this time, we expect our 2015 capital expenditures to be relatively consistent with that of 2014. As of December 31, 2014, we have made no significant capital expenditure commitments.
- Investments in Client Contracts. In the past, we have provided incentives to new or existing U.S. processing clients to convert their customer accounts to, or retain their customer's accounts on, our customer care and billing solutions. During the year ended December 31, 2014, we made client incentive payments of \$5.6 million. As of December 31, 2014, we had commitments to make \$3.0 million of client incentive payments, \$1.5 million in 2015 and 2016, respectively.

As noted above, we entered into an Amended Agreement with Comcast. As an additional incentive for Comcast to migrate new customer accounts to ACP, the Amended Agreement includes the issuance of Stock Warrants for the right to purchase up to approximately 2.9 million shares of our common stock, with vesting tied primarily to the number of customer accounts Comcast migrates onto 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 the date of this filing, 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. The Stock Warrants are discussed in more detail in Note 10 to our Financial Statements.

- Long-Term Debt. As discussed above, we amended our Credit Agreement in February 2015. As a result, as of the date of this filing, our long-term debt consisted of the following: (i) 2010 Convertible Notes with a par value of \$150.0 million; and (ii) Credit Agreement term loan borrowings of \$150.0 million. During 2015, there are no scheduled conversion triggers on our 2010 Convertible Notes, and therefore, our expected cash debt service at this time related to the 2010 Convertible Notes is the \$4.5 million of interest payments. The mandatory repayments and the cash interest expense (based upon current interest rates) for our Credit Agreement for 2015 is \$7.5 million, and \$3.2 million, respectively. We have the ability to make prepayments on our Credit Agreement without penalty. Our long-term debt obligations, including the impacts of the amended Credit Agreement in February 2015, are discussed in more detail in Note 5 to our Financial Statements.

As discussed above in February 2015, we refinanced our existing Credit Agreement. Our long-term debt obligations and subsequent refinancing are discussed in more detail in Note 5 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 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 7A. Quantitative and Qualitative Disclosures About Market Risk**

Market risk is the potential loss arising from adverse changes in market rates and prices. As of December 31, 2014, 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.*

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

The interest rates under our 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 5 to our Financial Statements for further details of our long-term debt.

A hypothetical adverse change of 10% in the December 31, 2014 adjusted LIBOR rate would not have had a material impact upon our results of operations.

##### *Market Risk Related to Cash Equivalents and Short-term Investments.*

Our cash and cash equivalents as of December 31, 2014 and 2013 were \$81.7 million and \$82.7 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 December 31, 2014 and 2013 were \$120.1 million and \$128.2 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.

*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 year ended December 31, 2014, we generated approximately 88% 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 December 31, 2014 and 2013, 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):

	December 31, 2014		December 31, 2013	
	Monetary Liabilities	Monetary Assets	Monetary Liabilities	Monetary Assets
Pounds sterling	\$ (72)	\$ 2,460	\$ (39)	\$ 3,075
Euro	(107)	8,135	(41)	5,618
U.S. Dollar	(361)	15,639	(191)	18,996
Other	(11)	2,388	(8)	2,686
Totals	\$ (551)	\$ 28,622	\$ (279)	\$ 30,375

A hypothetical adverse change of 10% in the December 31, 2014 exchange rates would not have had a material impact upon our results of operations.

**CSG SYSTEMS INTERNATIONAL, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
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## Management's Report on Internal Control Over Financial Reporting

Management of CSG Systems International, Inc. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- (i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2014.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. That report appears immediately following.

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
CSG Systems International, Inc.:

We have audited CSG Systems International, Inc.'s (the Company) internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). CSG Systems International Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CSG Systems International, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CSG Systems International, Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and our report dated February 27, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Omaha, Nebraska  
February 27, 2015

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
CSG Systems International, Inc.:

We have audited the accompanying consolidated balance sheets of CSG Systems International, Inc. and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CSG Systems International, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CSG Systems International, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Omaha, Nebraska  
February 27, 2015

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

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 81,712	\$ 82,686
Short-term investments	120,088	128,151
Total cash, cash equivalents and short-term investments	201,800	210,837
Trade accounts receivable:		
Billed, net of allowance of \$3,323 and \$2,359	184,369	178,511
Unbilled	42,439	38,365
Deferred income taxes	13,204	15,085
Income taxes receivable	7,851	3,815
Other current assets	28,470	28,762
<b>Total current assets</b>	<b>478,133</b>	<b>475,375</b>
Non-current assets:		
Property and equipment, net of depreciation of \$138,065 and \$129,522	38,326	35,061
Software, net of amortization of \$86,797 and \$77,504	44,732	43,565
Goodwill	225,269	233,599
Client contracts, net of amortization of \$88,585 and \$75,382	46,903	55,191
Deferred income taxes	8,890	7,447
Income taxes receivable	1,333	1,930
Other assets	16,142	16,812
<b>Total non-current assets</b>	<b>381,595</b>	<b>393,605</b>
<b>Total assets</b>	<b>\$ 859,728</b>	<b>\$ 868,980</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Current maturities of long-term debt	\$ 22,500	\$ 15,000
Client deposits	35,791	30,431
Trade accounts payable	37,052	33,376
Accrued employee compensation	51,441	58,434
Deferred revenue	40,004	47,131
Income taxes payable	984	2,814
Other current liabilities	23,375	19,620
<b>Total current liabilities</b>	<b>211,147</b>	<b>206,806</b>
Non-current liabilities:		
Long-term debt, net of unamortized original issue discount of \$14,169 and \$19,950	233,331	250,050
Deferred revenue	9,648	9,221
Income taxes payable	1,613	1,909
Deferred income taxes	20,445	20,274
Other non-current liabilities	15,821	14,616
<b>Total non-current liabilities</b>	<b>280,858</b>	<b>296,070</b>
<b>Total liabilities</b>	<b>492,005</b>	<b>502,876</b>
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; 6,032 and 5,441 shares reserved for employee stock purchase plan and stock incentive plans; 33,945 and 33,745 shares outstanding	667	658
Common stock warrants; 2,851 and zero warrants issued and outstanding	6,694	-
Additional paid-in capital	486,414	473,190
Treasury stock, at cost, 32,763 and 32,030 shares	(757,478)	(738,372)
Accumulated other comprehensive income (loss):		
Unrealized gain on short-term investments, net of tax	6	41
Unrecognized loss on change in fair value of interest rate swap contracts, net of tax	-	(98)
Cumulative foreign currency translation adjustments	(13,386)	1,674
Accumulated earnings	644,806	629,011
<b>Total stockholders' equity</b>	<b>367,723</b>	<b>366,104</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 859,728</b>	<b>\$ 868,980</b>

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



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

	Year Ended December 31,		
	2014	2013	2012
<b>Revenues:</b>			
Processing and related services	\$ 562,109	\$ 537,453	\$ 544,649
Software and services	102,585	118,988	124,242
Maintenance	86,592	91,027	87,975
Total revenues	<u>751,286</u>	<u>747,468</u>	<u>756,866</u>
<b>Cost of revenues (exclusive of depreciation, shown separately below):</b>			
Processing and related services	277,084	253,756	258,380
Software and services	79,640	84,222	85,562
Maintenance	32,619	39,187	39,874
Total cost of revenues	<u>389,343</u>	<u>377,165</u>	<u>383,816</u>
<b>Other operating expenses:</b>			
Research and development	104,712	110,008	112,938
Selling, general and administrative	153,488	152,553	138,783
Depreciation	14,084	18,633	22,286
Restructuring and reorganization charges	13,969	12,405	2,469
Total operating expenses	<u>675,596</u>	<u>670,764</u>	<u>660,292</u>
Operating income	<u>75,690</u>	<u>76,704</u>	<u>96,574</u>
<b>Other income (expense):</b>			
Interest expense	(10,453)	(11,621)	(15,983)
Amortization of original issue discount	(5,781)	(5,352)	(4,954)
Interest and investment income, net	798	689	855
Other, net	1,268	1,099	732
Total other	<u>(14,168)</u>	<u>(15,185)</u>	<u>(19,350)</u>
Income before income taxes	61,522	61,519	77,224
Income tax provision	(24,563)	(10,168)	(28,345)
Net income	<u>\$ 36,959</u>	<u>\$ 51,351</u>	<u>\$ 48,879</u>
<b>Weighted-average shares outstanding - Basic:</b>			
Common stock	32,449	32,117	32,142
Participating restricted stock	-	-	17
Total	<u>32,449</u>	<u>32,117</u>	<u>32,159</u>
<b>Weighted-average shares outstanding - Diluted:</b>			
Common stock	33,736	32,873	32,459
Participating restricted stock	-	-	17
Total	<u>33,736</u>	<u>32,873</u>	<u>32,476</u>
<b>Earnings per common share:</b>			
Basic	\$ 1.14	\$ 1.60	\$ 1.52
Diluted	1.10	1.56	1.51
Cash dividends declared per common share:	\$ 0.6225	\$ 0.4500	\$ -

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

**CSG SYSTEMS INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net income	\$ 36,959	\$ 51,351	\$ 48,879
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(15,060)	(600)	4,272
Unrealized holding gains (losses) on short-term investments arising during period	(35)	38	2
Defined benefit pension plan:			
Net loss arising from period (net of tax effect of \$0, \$(119), and \$(62))	-	(183)	(119)
Amortization of net actuarial loss included in net periodic pension cost (net of tax effect of \$0, \$28, and \$97)	-	43	152
Final settlement of pension plan liability (net of tax effect of \$0, \$1,214, and \$0)	-	1,901	-
Net change in defined benefit pension plan	-	1,761	33
Cash flow hedges:			
Unrealized gains on change in fair value of interest rate swap contracts (net of tax effect of \$110, \$724, and \$128)	195	1,140	200
Reclassification adjustment for losses included in net income (net of tax effect of \$(55), \$(368), and \$(153))	(97)	(580)	(240)
Net change in cash flow hedges	98	560	(40)
Other comprehensive income (loss), net of tax	(14,997)	1,759	4,267
Total comprehensive income, net of tax	<u>\$ 21,962</u>	<u>\$ 53,110</u>	<u>\$ 53,146</u>

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

**CSG SYSTEMS INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands, except per warrant amount)

	Year Ended December 31,		
	2014	2013	2012
<b>Common stock:</b>			
Balance, beginning of year	\$ 658	\$ 653	\$ 645
Issuance of restricted common stock pursuant to employee stock-based compensation plans	11	8	8
Cancellation of restricted common stock pursuant to employee stock-based compensation plans	-	-	-
Repurchase and cancellation of common stock pursuant to employee stock-based compensation plans	(2)	(3)	-
Balance, end of year	<u>667</u>	<u>658</u>	<u>653</u>
<b>Common stock warrants:</b>			
Issuance of common stock warrants, granted to Comcast (exercise price of \$26.68 per warrant)	6,694	-	-
Balance, end of year	<u>6,694</u>	<u>-</u>	<u>-</u>
<b>Paid-in capital:</b>			
Balance, beginning of year	473,190	461,497	449,376
Issuance of common stock pursuant to employee stock purchase plan	1,394	1,347	1,394
Exercise of stock options	-	244	502
Repurchase and cancellation of common stock pursuant to employee stock-based compensation plans	(6,925)	(5,346)	(3,208)
Issuance of restricted common stock pursuant to employee stock-based compensation plans	(11)	(8)	(8)
Cancellation of unvested restricted common stock pursuant to employee stock-based compensation plans	-	-	-
Stock-based compensation expense	16,706	14,796	13,431
Stock-based compensation income tax benefits	2,060	660	10
Balance, end of year	<u>486,414</u>	<u>473,190</u>	<u>461,497</u>
<b>Treasury Stock:</b>			
Balance, beginning of year	(738,372)	(728,243)	(714,893)
Repurchase of common stock pursuant to Board - approved stock repurchase program	(19,106)	(10,129)	(13,350)
Balance, end of year	<u>(757,478)</u>	<u>(738,372)</u>	<u>(728,243)</u>
<b>Accumulated Earnings:</b>			
Balance, beginning of year	629,011	592,874	543,995
Net income	36,959	51,351	48,879
Declaration of cash dividends	(21,164)	(15,214)	-
Balance, end of year	<u>644,806</u>	<u>629,011</u>	<u>592,874</u>
<b>Accumulated Other Comprehensive Income:</b>			
Balance, beginning of year	1,617	(142)	(4,409)
Net unrealized gains (losses) on short-term investments	(35)	38	2
Net unrealized gains on pension plan and prior service costs	-	1,761	33
Net unrealized gains (losses) on change in fair value of interest rate swap contracts	98	560	(40)
Foreign currency translation	(15,060)	(600)	4,272
Balance, end of year	<u>(13,380)</u>	<u>1,617</u>	<u>(142)</u>
<b>Total stockholders' equity:</b>			
Balance, end of year	<u>\$ 367,723</u>	<u>\$ 366,104</u>	<u>\$ 326,639</u>
<b>Shares:</b>			
Balance, beginning of year	33,745	33,734	33,822
Repurchase of common stock pursuant to Board-approved stock repurchase program	(733)	(500)	(823)
Issuance of common stock pursuant to employee stock purchase plan	61	68	94
Exercise of stock options	-	20	40
Issuance of restricted common stock pursuant to employee stock-based compensation plans	1,261	840	873
Cancellation of unvested restricted common stock pursuant to employee stock-based compensation plans	(137)	(153)	(77)
Repurchase and cancellation of common stock pursuant to employee stock-based compensation plans	(252)	(264)	(195)
Balance, end of year	<u>33,945</u>	<u>33,745</u>	<u>33,734</u>

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

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

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities:</b>			
Net income	\$ 36,959	\$ 51,351	\$ 48,879
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation	14,084	18,633	22,286
Amortization	33,553	37,819	44,178
Amortization of original issue discount	5,781	5,352	4,954
Impairment of client contract	-	-	3,783
(Gain) loss on short-term investments and other	1,123	910	(107)
(Gain) loss on disposition of business operations	(222)	3,017	-
Loss on termination of pension plan	-	3,221	-
Deferred income taxes	41	(1,764)	(10,707)
Excess tax benefit of stock-based compensation awards	(2,060)	(677)	(415)
Stock-based employee compensation	16,655	14,796	13,431
Changes in operating assets and liabilities, net of acquired amounts:			
Trade accounts receivable, net	(14,326)	(2,319)	(9,481)
Other current and non-current assets	(3,230)	(7,163)	(1,715)
Income taxes payable/receivable	(3,508)	4,556	(6,543)
Trade accounts payable and accrued liabilities	4,359	(994)	18,474
Deferred revenue	(5,558)	(104)	425
Net cash provided by operating activities	<u>83,651</u>	<u>126,634</u>	<u>127,442</u>
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(25,985)	(30,076)	(33,221)
Purchases of short-term investments	(190,427)	(183,575)	(65,355)
Proceeds from sale/maturity of short-term investments	197,466	89,688	42,063
Acquisition of businesses, net of cash acquired	-	(2,926)	(19,085)
Acquisition of and investments in client contracts	(5,600)	(7,092)	(4,629)
Proceeds from the disposition of business operations	1,130	4,530	-
Net cash used in investing activities	<u>(23,416)</u>	<u>(129,451)</u>	<u>(80,227)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of common stock	1,394	1,591	1,896
Payment of cash dividends	(20,530)	(14,454)	-
Repurchase of common stock	(25,138)	(15,478)	(16,558)
Payments on acquired equipment financing	(1,097)	(2,723)	(1,698)
Proceeds from long-term debt	-	-	150,000
Payments on long-term debt	(15,000)	(15,000)	(190,000)
Payments of deferred financing costs	-	-	(2,450)
Excess tax benefit of stock-based compensation awards	2,060	677	415
Net cash used in financing activities	<u>(58,311)</u>	<u>(45,387)</u>	<u>(58,395)</u>
Effect of exchange rate fluctuations on cash	(2,898)	(2,857)	(1,806)
Net decrease in cash and cash equivalents	(974)	(51,061)	(12,986)
Cash and cash equivalents, beginning of year	82,686	133,747	146,733
Cash and cash equivalents, end of year	<u>\$ 81,712</u>	<u>\$ 82,686</u>	<u>\$ 133,747</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for-			
Interest	\$ 8,265	\$ 9,440	\$ 13,124
Income taxes	25,153	6,149	43,739

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

## 1. General

CSG Systems International, Inc. (the “Company”, “CSG”, or forms of the pronoun “we”), a Delaware corporation, was formed in October 1994 and is based in Englewood, Colorado. We are a business support solutions provider primarily serving the communications industry. 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 expanding needs of communications service providers to provide a differentiated, real-time, and personal experience for their consumers. Our suite of solutions includes revenue management, content management and monetization, and customer interaction management. We are a S&P SmallCap 600 company.

The accompanying Consolidated Financial Statements (“Financial Statements”) are prepared in conformity with accounting principles generally accepted (“GAAP”) in the United States (“U.S.”).

## 2. Summary of Significant Accounting Policies

*Principles of Consolidation.* Our Financial Statements include all of our accounts and our subsidiaries’ accounts. All material intercompany accounts and transactions have been eliminated.

*Translation of Foreign Currency.* Our foreign subsidiaries use the local currency of the countries in which they operate as their functional currency. Their assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues, expenses, and cash flows are translated at the average rates of exchange prevailing during the period. Foreign currency translation adjustments are included in comprehensive income in stockholders’ equity. Foreign currency transaction gains and losses are included in the determination of net income.

*Use of Estimates in Preparation of Our Financial Statements.* The preparation of our Financial Statements 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 period. Actual results could differ from those estimates. The more critical estimates and related assumptions that affect our financial position and results of operations are in the areas of: (i) revenue recognition; (ii) allowance for doubtful accounts receivable; (iii) impairment assessments of goodwill and other long-lived assets; (iv) income taxes; (v) business combinations and asset purchases; and (vi) loss contingencies.

*Revenue Recognition.* We use various judgments and estimates in connection with the determination of the amount of revenues to be recognized in each accounting period. Our primary revenue recognition criteria include: (i) persuasive evidence of an arrangement; (ii) delivery; (iii) fixed or determinable fees; and (iv) collectibility of fees.

### Processing and Related Services.

Our processing and related services revenue relates to: (i) the outsourced, customer care and billing processing and related services provided to our North American cable and satellite clients; and (ii) the managed services provided to clients which utilize our software.

We contract for our processing and related services using long-term agreements whose terms have typically ranged from three to ten years. The long-term processing agreements include multiple services delivered each month, to include such things as: (i) billing and data processing services; (ii) credit management and collection services; and (iii) customer statement invoice printing and mailing services. The fees for these deliverables typically are billed to our clients monthly based upon actual monthly volumes and/or usage of services (e.g., the number of client customers processed on our systems, the number of transactions processed on our systems, and/or the quantity and content of the monthly statements and mailings processed through our systems) or on a fixed monthly fee. We recognize processing and related services revenue on a monthly basis as we provide the services.

We contract for our managed services using long-term arrangements whose terms have ranged from three to eight years. Under managed services agreements, we may operate certain of our software products on behalf of our clients: (i) out of a client’s data center; (ii) out of a data center we own and operate; or (iii) out of a third-party data center we contract with for such services. Managed services can also include us providing other services, such as transitional services, fulfillment, remittance processing, operational consulting, back office, and end user billing services.

### Software, Services, and Maintenance.

Our software and services revenue relates primarily to: (i) software license sales; and (ii) professional services to implement the software. Our maintenance revenue relates primarily to support of our software once it has been implemented.

The accounting for software license arrangements, especially when software is sold in a multiple-element arrangement, can be complex and requires considerable judgment. Key factors considered in accounting for software license and related services include the following criteria: (i) the identification of the separate elements of the arrangement; (ii) the determination of whether any undelivered elements are essential to the functionality of the delivered elements; (iii) the assessment of whether the software, if hosted, should be accounted for as a services arrangement and thus outside the scope of the software revenue recognition literature; (iv) the determination of vendor specific objective evidence (“VSOE”) of fair value for the undelivered element(s) of the arrangement; (v) the assessment of whether the software license fees are fixed or determinable; (vi) the determination as to whether the fees are considered collectible; and (vii) the assessment of whether services included in the arrangement represent significant production, customization or modification of the software. The evaluation of these factors, and the ultimate revenue recognition decision, requires significant judgments to be made by us. The judgments made in this area could have a significant effect on revenues recognized in any period by changing the amount and/or the timing of the revenue recognized. In addition, because software licenses typically have little or no direct, incremental costs related to the recognition of the revenue, these judgments could also have a significant effect on our results of operations.

The initial sale of software products generally requires significant production, modification or customization and thus falls under the guidelines of contract accounting. In these software license arrangements, the elements of the arrangements are typically a software license, professional services, and maintenance. When we have VSOE of fair value for the maintenance, which we generally do, we allocate a portion of the total arrangement fee to the maintenance element based on its VSOE of fair value, and the balance of the arrangement fee is subject to contract accounting using the percentage-of-completion (“POC”) method of accounting. Under the POC method of accounting, software license and professional services revenues are typically recognized as the professional services related to the software implementation project are performed. We are using hours performed on the project as the measure to determine the percentage of the work completed.

In certain instances, we sell software license volume upgrades, which provide our clients the right to use our software to process higher transaction volume levels. In these instances, if: (i) maintenance is the only undelivered element of the software arrangement; (ii) we have VSOE of fair value for the maintenance related to the volume upgrade; and (iii) we meet the other revenue recognition criteria, we recognize the software license revenue on the effective date of the volume upgrade.

A portion of our professional services revenues does not include an element of software delivery (e.g., business consulting services, etc.), and thus, do not fall within the scope of specific authoritative accounting literature for software arrangements. In these cases, revenues from fixed-price, professional service contracts are recognized using a method consistent with the proportional performance method, which is relatively consistent with our POC methodology. Under a proportional performance model, revenue is recognized by allocating revenue between reporting periods based on relative service provided in each reporting period, and costs are generally recognized as incurred. We utilize an input-based approach (i.e., hours worked) for purposes of measuring performance on these types of contracts. Our input measure is considered a reasonable surrogate for an output measure. In instances when the work performed on fixed price agreements is of relatively short duration, or if we are unable to make reasonably dependable estimates at the outset of the arrangement, we use the completed contract method of accounting whereby revenue is recognized when the work is completed.

Our use of the POC and proportional performance methods of accounting on professional services engagements requires estimates of the total project revenues, total project costs and the expected hours necessary to complete a project. Changes in estimates as a result of additional information or experience on a project as work progresses are inherent characteristics of the POC and proportional performance methods of accounting as we are exposed to various business risks in completing these engagements. The estimation process to support these methods of accounting is more difficult for projects of greater length and/or complexity. The judgments and estimates made in this area could: (i) have a significant effect on revenues recognized in any period by changing the amount and/or the timing of the revenue recognized; and/or (ii) impact the expected profitability of a project, including whether an overall loss on an arrangement has occurred. To mitigate the inherent risks in using the POC and proportional performance methods of accounting, we track our performance on projects and reevaluate the appropriateness of our estimates as part of our monthly accounting cycle.

Revenues from professional services contracts billed on a time-and-materials basis are recognized as the services are performed and as amounts due from clients are deemed collectible and contractually non-refundable.

Maintenance revenues are recognized ratably over the software maintenance period. Our maintenance consists primarily of client and product support, technical updates (e.g., bug fixes, etc.), and unspecified upgrades or enhancements to our software products. If specified upgrades or enhancements are offered in an arrangement, which is rare, they are accounted for as a separate element of the software arrangement.

*Deferred Revenue and Unbilled Accounts Receivable* . Client payments and billed amounts due from clients in excess of revenue recognized are recorded as deferred revenue. Deferred revenue amounts expected to be recognized within the next twelve months are classified as current liabilities. Revenue recognized prior to the scheduled billing date is recorded as unbilled accounts receivable.

*Postage*. We pass through to our clients the cost of postage that is incurred on behalf of those clients, and typically require an advance payment on expected postage costs. These advance payments are included in client deposits in the accompanying Consolidated Balance Sheets (“Balance Sheets” or “Balance Sheet”) and are classified as current liabilities regardless of the contract period. We net the cost of postage against the postage reimbursements for those clients where we require advance deposits, and include the net amount (which is not material) in processing and related services revenues.

*Cash and Cash Equivalents*. We consider all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. As of December 31, 2014 and 2013, our cash equivalents consist primarily of institutional money market funds, commercial paper, and time deposits held at major banks.

As of December 31, 2014 and 2013, we had \$4.7 million and \$4.5 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 Balance Sheet.

*Short-term Investments and Other Financial Instruments* . Our financial instruments as of December 31, 2014 and 2013 include cash and cash equivalents, short-term investments, accounts receivable, accounts payable, an interest rate swap contract, 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 December 31, 2014 and 2013 have contractual maturities of less than two years from the time of acquisition. Our short-term investments at December 31, 2014 and 2013 consisted almost entirely of fixed income securities. Proceeds from the sale/maturity of short-term investments in 2014, 2013, and 2012 were \$197.5 million, \$89.7 million, and \$42.1 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):

	December 31, 2014			December 31, 2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Assets:</b>						
<b>Cash equivalents:</b>						
Money market funds	\$ 9,785	\$ —	\$ 9,785	\$ 13,761	\$ —	\$ 13,761
Commercial paper	—	12,248	12,248	—	19,629	19,629
<b>Short-term investments:</b>						
Corporate debt securities	—	88,494	88,494	—	76,786	76,786
Municipal bonds	—	9,945	9,945	—	29,106	29,106
U.S. government agency bonds	—	11,313	11,313	—	18,050	18,050
Asset-backed securities	—	10,336	10,336	—	4,209	4,209
Total	\$ 9,785	\$ 132,336	\$ 142,121	\$ 13,761	\$ 147,780	\$ 161,541
<b>Liabilities:</b>						
Interest rate swap contracts (1)	\$ —	\$ —	\$ —	\$ —	\$ 154	\$ 154
Total	\$ —	\$ —	\$ —	\$ —	\$ 154	\$ 154

(1) As of December 31, 2013, the fair value of the interest rate swap contract was classified on our Balance Sheet in other current liabilities.

Valuation inputs used to measure the fair values of our money market funds 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 and estimated fair value of our debt as of the indicated periods (in thousands):

	December 31, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Agreement (carrying value including current maturities)	\$ 120,000	\$ 120,000	\$ 135,000	\$ 135,000
Convertible debt (par value)	150,000	178,920	150,000	199,800

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.

*Concentrations of Credit Risk.* In the normal course of business, we are exposed to credit risk. The principal concentrations of credit risk relate to cash deposits, cash equivalents, short-term investments, and accounts receivable. We regularly monitor credit risk exposures and take steps to mitigate the likelihood of these exposures resulting in a loss. We hold our cash deposits, cash equivalents, and short-term investments with financial institutions we believe to be of sound financial condition.

We generally do not require collateral or other security to support accounts receivable. We evaluate the credit worthiness of our clients in conjunction with our revenue recognition processes, as well as through our ongoing collectibility assessment processes for accounts receivable. We maintain an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific clients, historical trends, and other information. We use various judgments and estimates in determining the adequacy of the allowance for doubtful accounts receivable. See Note 3 for additional details of our concentration of accounts receivable.

The activity in our allowance for doubtful accounts receivable is as follows (in thousands):

	2014	2013	2012
Balance, beginning of year	\$ 2,359	\$ 3,147	\$ 2,421
Additions (reductions) to expense	1,406	(354)	1,039
Write-offs	(465)	(280)	(174)
Other	23	(154)	(139)
Balance, end of year	\$ 3,323	\$ 2,359	\$ 3,147

*Property and Equipment.* Property and equipment are recorded at cost (or at estimated fair value if acquired in a business combination) and are depreciated over their estimated useful lives ranging from three to ten years. Leasehold improvements are depreciated over the shorter of their economic life or the lease term. Depreciation expense is computed using the straight-line method for financial reporting purposes. Depreciation expense for all property and equipment is reflected in our accompanying Consolidated Statements of Income ("Income Statements") separately in the aggregate and is not included in the cost of revenues or the other components of operating expenses. Depreciation for income tax purposes is computed using accelerated methods.

*Software.* We expend substantial amounts on R&D, particularly for new products and services, or for enhancements of existing products and services. For development of software products that are to be licensed by us, we expense all costs related to the development of the software until technological feasibility is established. For development of software to be used internally (e.g., processing systems software), we expense all costs prior to the application development stage.

During 2014, 2013, and 2012, we expended \$104.7 million, \$110.0 million, and \$112.9 million, respectively, on R&D projects. We did not capitalize any R&D costs in 2014, 2013, or 2012, as the costs subject to capitalization during these periods were not material. We did not have any capitalized R&D costs included in our December 31, 2014 or 2013 Balance Sheets.

*Realizability of Long-Lived Assets.* We evaluate our long-lived assets, other than goodwill, for possible impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. A long-lived asset is impaired if estimated future undiscounted cash flows associated with that asset are insufficient to recover the carrying amount of the long-lived asset. If deemed impaired, the long-lived asset is written down to its fair value.

*Goodwill.* We evaluate our goodwill for impairment on an annual basis. In addition, we evaluate our goodwill on a more periodic basis (e.g., quarterly) if events occur or circumstances change that could indicate a potential impairment may have occurred. Goodwill is considered impaired if the carrying value of the reporting unit which includes the goodwill is greater than the estimated fair value of the reporting unit.

*Contingencies.* We accrue for a loss contingency when: (i) it is probable that an asset has been impaired, or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated. The determination of accounting for loss contingencies is subject to various judgments and estimates. We do not record the benefit from a gain contingency until the benefit is realized.

*Earnings Per Common Share (“EPS”).* Basic and diluted EPS amounts are presented on the face of our Income Statements.

Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of EPS pursuant to the two-class method. Unvested restricted stock awards under our stock incentive plans, granted prior to August 2008, contain nonforfeitable rights to cash dividends. As a result, basic EPS is computed by dividing net income available to common stockholders and participating securities (the numerators) by the respective weighted-average number of shares outstanding during the period (the denominators) using the two-class method. Under the two-class method, undistributed earnings are allocated among each class of common stock and participating security prior to the calculation of EPS. Diluted EPS is calculated similarly, except that the calculation includes the effect of potentially dilutive stock options and non-participating restricted stock awards.

The amounts attributed to both common stock and participating restricted stock used as the numerators in both the basic and diluted EPS calculations are as follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net income attributed to:			
Common stock	\$ 36,959	\$ 51,351	\$ 48,853
Participating common restricted stock	—	—	26
Total	<u>\$ 36,959</u>	<u>\$ 51,351</u>	<u>\$ 48,879</u>

The weighted-average shares outstanding used in the basic and diluted EPS denominators related to common stock and participating restricted stock are as follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Weighted-average shares outstanding – Basic:			
Common stock	32,449	32,117	32,142
Participating common restricted stock	—	—	17
Total	<u>32,449</u>	<u>32,117</u>	<u>32,159</u>
Weighted-average shares outstanding – Diluted:			
Common stock	33,736	32,873	32,459
Participating common restricted stock	—	—	17
Total	<u>33,736</u>	<u>32,873</u>	<u>32,476</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Basic weighted-average common shares	32,449	32,117	32,142
Dilutive effect of common stock options	—	1	11
Dilutive effect of non-participating restricted common stock	569	550	306
Dilutive effect of 2010 Convertible Notes	717	205	—
Dilutive effect of Stock Warrants	1	—	—
Diluted weighted-average common shares	<u>33,736</u>	<u>32,873</u>	<u>32,459</u>

The 2010 Convertible Notes have a dilutive effect in those quarterly periods in which our average stock price exceeds the current effective conversion price (see Note 5).

The Stock Warrants have a dilutive effect 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 10).

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

*Stock-Based Compensation*. Stock-based compensation represents the cost related to stock-based awards granted to employees and non-employee directors. We measure stock-based compensation cost at the grant date of the award, based on the estimated fair value of the award and recognize the cost (net of estimated forfeitures) over the requisite service period. Benefits of tax deductions in excess of recognized compensation expense, if any, are reported as a financing cash inflow rather than as an operating cash inflow.

*Income Taxes*. We account for income taxes using the asset and liability method. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

*Accounting Pronouncement Issued But Not Yet Effective*. In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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. The updated accounting guidance is effective for annual and interim reporting periods in fiscal years beginning after December 15, 2016. Early adoption is not 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 consolidated financial statements and our method of adoption.

### 3. Segment Reporting and Significant Concentration

*Segment Information*. We have evaluated how our chief operating decision maker has organized our company for purposes of making operating decisions and assessing performance, and have concluded that as of December 31, 2014, we have one reportable segment.

*Products and Services*. Our products and services help companies with complex transaction-centric business models manage the opportunities and challenges associated with accurately capturing, managing, generating, and optimizing the revenue associated with the immense volumes of customer interactions and then manage the intricate nature of those customer relationships. Our core billing and customer care platform, Advanced Convergent Platform (“ACP”), is a pre-integrated platform, delivered in a private hosted cloud environment. We generate a substantial percentage of our revenues by providing our ACP processing and customer interaction management solutions, and related software products (e.g., Advanced Customer Service Representative, Workforce Express, etc.) to the North American cable and satellite markets. Additionally, we license certain software products (e.g., WBMS, TSM, and Singleview) and provide our professional services to implement, configure and maintain these software products, and allow clients to effectively roll out new products as well as attract and retain customers.

*Geographic Regions*. For 2014 and 2013, 85% of our revenues were attributable to our operations in the Americas. We use the location of the client as the basis of attributing revenues to individual regions.

Financial information relating to our operations by geographic region is as follows (in thousands):

#### Total Revenues:

	2014	2013	2012
Americas (principally the U.S.)	\$ 636,482	\$ 633,163	\$ 652,008
Europe, Middle East and Africa (principally Europe)	79,535	80,527	73,113
Asia Pacific	35,269	33,778	31,745
Total revenues	<u>\$ 751,286</u>	<u>\$ 747,468</u>	<u>\$ 756,866</u>

#### Property and Equipment:

	As of December 31,	
	2014	2013
Americas (principally the U.S.)	\$ 31,912	\$ 27,115
Europe, Middle East and Africa	3,618	4,280
Asia Pacific	2,796	3,666
Total property and equipment	<u>\$ 38,326</u>	<u>\$ 35,061</u>

*Significant Clients and Industry Concentration* . A large percentage of our historical revenues have been generated from our largest clients, which are Comcast Corporation (“Comcast”), DISH Network Corporation (“DISH”), and Time Warner Cable Inc. (“Time Warner”).

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Comcast	22%	19%	20%
DISH	15%	15%	14%
Time Warner	11%	11%	10%

As of December 31, 2014 and 2013, the percentage of net billed accounts receivable balances attributable to these clients were as follows:

	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Comcast	21%	21%
DISH	13%	14%
Time Warner	12%	9%

We expect to continue to generate a significant percentage of our future revenues from a limited number of clients, including Comcast, DISH, and Time Warner. 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 position and results of operations.

#### 4. Long-Lived Assets

*Property and Equipment.* Property and equipment at December 31 consisted of the following (in thousands, except years):

	<u>Useful Lives (years)</u>	<u>2014</u>	<u>2013</u>
Computer equipment	3-5	\$ 96,749	\$ 89,605
Leasehold improvements	5-10	16,566	15,793
Operating equipment	3-8	55,501	48,759
Furniture and fixtures	3-8	7,531	10,426
Capital projects in process	—	44	—
		<u>176,391</u>	<u>164,583</u>
Less—accumulated depreciation		<u>(138,065)</u>	<u>(129,522)</u>
Property and equipment, net		<u>\$ 38,326</u>	<u>\$ 35,061</u>

*Goodwill.* We do not have any intangible assets with indefinite lives other than goodwill. A rollforward of goodwill in 2014 and 2013 is as follows (in thousands):

January 1, 2013 balance	\$ 233,365
Adjustments for the dispositions of business operations	(1,967)
Revisions related to prior acquisitions	(164)
Effects of changes in foreign currency exchange rates	2,365
December 31, 2013 balance	<u>233,599</u>
Revisions related to prior acquisitions	(59)
Effects of changes in foreign currency exchange rates	(8,271)
December 31, 2014 balance	<u>\$ 225,269</u>

During 2013, we sold a small print operation and our marketing analytics business, which resulted in an adjustment to our goodwill balance of \$2.0 million. The net proceeds from these dispositions were \$4.5 million and the net loss from the sales was approximately \$3 million.

*Other Intangible Assets.* Our intangible assets subject to ongoing amortization consist of client contracts and software.

#### Client Contracts

Client contracts consist of the following: (i) investments in client contracts; (ii) direct and incremental costs that we have capitalized related to contractual arrangements where we have deferred revenues to convert or set-up client customers onto our outsourced solutions; and (iii) client contracts acquired in business combinations.

As of December 31, 2014 and 2013, the carrying values of these assets were as follows (in thousands):

	2014			2013		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Investments in client contracts (1)	\$ 34,657	\$ (23,907)	\$ 10,750	\$ 27,370	\$ (20,345)	\$ 7,025
Capitalized costs (2)	6,667	(3,463)	3,204	5,003	(3,340)	1,663
Acquired client contracts (3)	94,164	(61,215)	32,949	98,200	(51,697)	46,503
Total client contracts	\$ 135,488	\$ (88,585)	\$ 46,903	\$ 130,573	\$ (75,382)	\$ 55,191

The aggregate amortization related to client contracts included in our operations for 2014, 2013, and 2012, was as follows (in thousands):

	2014	2013	2012
Investments in client contracts (1)	\$ 6,409	\$ 6,181	\$ 7,591
Capitalized costs (2)	1,007	2,365	4,172
Acquired client contracts (3)	11,951	14,999	17,017
Total client contracts	\$ 19,367	\$ 23,545	\$ 28,780

- (1) Investments in client contracts consist principally of incentives provided to new or existing clients to convert their customer accounts to, or retain their customer's accounts on, our customer care and billing systems. Investments in client contracts related to client incentives are amortized ratably over the lives of the respective client contracts, which as of December 31, 2014, have termination dates that range from 2015 through 2020. Amortization of the investments in client contracts related to client incentives is reflected as a reduction in processing and related services revenues in our Income Statements.
- (2) Capitalized costs related to client conversion/set-up services related to long-term processing or managed services arrangements are generally amortized proportionately over the contract period that the processing or managed services are expected to be provided, and are primarily reflected in cost of processing and related services in our Income Statements.
- (3) Acquired client contracts represent assets acquired in our prior business acquisitions. Acquired client contracts are being amortized over their estimated useful lives ranging from five to ten years based on the approximate pattern in which the economic benefits of the intangible assets are expected to be realized. Classification of the amortization of acquired client contracts generally follows where the acquired business' cost of revenues are categorized in our Income Statements.

The weighted-average remaining amortization period of client contracts as of December 31, 2014 was approximately 63 months. Based on the December 31, 2014 net carrying value of these intangible assets, the estimated amortization for each of the five succeeding fiscal years ending December 31 will be: 2015 – \$14.8 million; 2016 – \$10.5 million; 2017 – \$8.3 million; 2018 – \$6.2 million; and 2019 – \$4.2 million.

## Software

Software consists of: (i) software and similar intellectual property rights from various business combinations; and (ii) internal use software.

As of December 31, 2014 and 2013, the carrying values of these assets were as follows (in thousands):

	2014			2013		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Acquired software (4)	\$ 67,012	\$ (56,806)	\$ 10,206	\$ 67,975	\$ (53,820)	\$ 14,155
Internal use software (5)	64,517	(29,991)	34,526	53,094	(23,684)	29,410
Total software	<u>\$ 131,529</u>	<u>\$ (86,797)</u>	<u>\$ 44,732</u>	<u>\$ 121,069</u>	<u>\$ (77,504)</u>	<u>\$ 43,565</u>

The aggregate amortization related to software included in our operations for 2014, 2013, and 2012, was as follows (in thousands):

	2014	2013	2012
Acquired software (4)	\$ 3,457	\$ 4,221	\$ 5,700
Internal use software (5)	8,404	7,633	6,985
Total software	<u>\$ 11,861</u>	<u>\$ 11,854</u>	<u>\$ 12,685</u>

- (4) Acquired software represents the software intangible assets acquired in our prior business acquisitions, which are being amortized over their estimated useful lives ranging from five to ten years.
- (5) Internal use software represents: (i) third-party software licenses; and (ii) the internal and external costs related to the implementation of the third-party software licenses. Internal use software is amortized over its estimated useful life ranging from twelve months to ten years.

The weighted-average remaining amortization period of the software intangible assets as of December 31, 2014 was approximately 78 months. Based on the December 31, 2014 net carrying value of these intangible assets, the estimated amortization for each of the five succeeding fiscal years ending December 31 will be: 2015 – \$10.5 million; 2016 – \$8.0 million; 2017 – \$6.6 million; 2018 – \$5.3 million; and 2019 – \$3.6 million.

## 5. Debt

As of December 31, 2014 and 2013, our long-term debt was as follows (in thousands):

	2014	2013
<b>2012 Credit Agreement:</b>		
Term loan, due November 2017 (or December 2016 if certain conditions exist – see below), interest at adjusted LIBOR plus 2.00% (combined rate of 2.25% at December 31, 2014)	\$ 120,000	\$ 135,000
\$100 million revolving loan facility, due November 2017 (or December 2016 if certain conditions exist – see below), interest at adjusted LIBOR plus applicable margin	—	—
<b>Convertible Debt Securities:</b>		
2010 Convertible Notes – senior subordinated convertible notes; due March 1, 2017; cash interest at 3.0%; net of unamortized OID of \$14,169 and \$19,950, respectively	135,831	130,050
	255,831	265,050
Current portion of long-term debt	( 22,500)	(15,000)
Total long-term debt, net	<u>\$ 233,331</u>	<u>\$ 250,050</u>

**2012 Credit Agreement.** In 2012, we entered into an amended and restated \$250 million credit agreement with several financial institutions (the “2012 Credit Agreement”). The 2012 Credit Agreement provides borrowings by us in the form of: (i) a \$150 million aggregate principal five-year term loan (the “2012 Term Loan”); and (ii) a \$100 million aggregate principal five-year revolving loan facility (the “2012 Revolver”).

The interest rates under the 2012 Credit Agreement are based upon an adjusted LIBOR rate plus an applicable margin, or an alternate base rate plus an applicable margin. The applicable margin for the 2012 Term Loan and 2012 Revolver based upon an adjusted LIBOR rate ranges from 2.00% - 2.75%, depending on our then-current leverage ratio. We have the option of selecting the length of time (ranging from one to six months) that we lock in the LIBOR contract rate. The applicable margin for the 2012 Term Loan and 2012 Revolver based upon an alternate base rate ranges from 1.00% - 1.75%, depending on our then-current leverage ratio. As of December 31, 2014, our combined interest rate (LIBOR plus applicable margin) for the Term Loan is 2.25% per annum. We pay a commitment fee of 0.375% on the average daily unused amount of the 2012 Revolver. At December 31, 2014, we had no borrowing outstanding on our 2012 Revolver and had the entire \$100 million available to us.

The 2012 Credit Agreement includes mandatory principal repayments (payable quarterly) in each year of the agreement, with the remaining principal balance due at maturity. During 2014, we made \$15 million mandatory principal repayments on the 2012 Term Loan. The 2012 Credit Agreement has no prepayment penalties and requires mandatory repayments under certain circumstances, including: (i) asset sales or casualty proceeds; and (ii) proceeds of debt or preferred stock issuances. The 2012 Credit Agreement also provides for an early termination date of December 1, 2016, if our 2010 Convertible Notes are still outstanding and we do not have combined unrestricted cash and cash equivalents and unused availability under the 2012 Revolver of at least \$200 million in the aggregate as of that date.

The 2012 Credit Agreement contains customary affirmative covenants such as: (i) filing of quarterly and annual reports and (ii) maintenance of credit ratings. In addition, the Credit Agreement has customary negative covenants that places limits on our ability to: (i) incur additional indebtedness; (ii) create liens on our property; (iii) enter into sale and leaseback transactions; (iv) make investments; (v) enter into mergers and consolidations; (vi) sell assets; (vii) declare dividends or repurchase shares; (viii) engage in certain transactions with affiliates; (ix) prepay certain indebtedness, including our 2010 Convertible Notes; and (x) issue capital stock of subsidiaries. We must also meet certain financial covenants to include: (i) a maximum total leverage ratio; (ii) a maximum secured leverage ratio; (iii) a minimum interest coverage ratio; and (iv) a limitation on capital expenditures. As of December 31, 2014 we were in compliance with the financial ratios and other covenants related to the 2012 Credit Agreement.

In conjunction with the 2012 Credit Agreement, we also entered into a security agreement in favor of a financial institution as collateral agent (the "Security Agreement"). Under the Security Agreement and 2012 Credit Agreement, all of CSG's domestic subsidiaries have guaranteed our obligations, and CSG and such subsidiaries have pledged substantially all of our assets to secure the obligations under the 2012 Credit Agreement and such guarantees.

*2010 Convertible Notes.* In 2010, we completed an offering of \$150 million of 3.0% senior subordinated convertible notes due March 1, 2017 (the "2010 Convertible Notes") to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2010 Convertible Notes are unsecured obligations, subordinated to any future senior indebtedness and senior to any future junior subordinated debt. The 2010 Convertible Notes were issued at a price of 100% of their par value and bear interest at a rate of 3.0% per annum, which is payable semiannually in arrears on March 1 and September 1 of each year.

The 2010 Convertible Notes are convertible into our common stock, under the specified conditions and settlement terms outlined below. As a result of us declaring a quarterly cash dividend beginning in June 2013, the conversion rate has also been adjusted quarterly. As of December 31, 2014, the conversion rate was 42.6404 shares of our common stock per \$1,000 par value of the 2010 Convertible Notes (equivalent to a conversion price of \$23.45 per share of our common stock). The Indenture related to the 2010 Convertible Notes ("Notes Indenture") includes anti-dilution provisions for the holders such that the conversion rate (and thus the initial conversion price) can be adjusted in the future for certain events, to include stock dividends, the issuance of rights, options or warrants to purchase our common stock at a price below the then-current market price, and certain distributions of common stock, property or rights, options or warrants to acquire our common stock to all or substantially all holders of our common stock. Additionally, the conversion rate may be adjusted prior to the maturity date in connection with the occurrence of specified corporate transactions for a "make-whole" premium as set forth in the Notes Indenture.

Prior to September 1, 2016, holders of the 2010 Convertible Notes can convert their securities: (i) at any time the price of our common stock trades over \$30.49 per share (130% of the \$23.45 conversion price) for a specified period of time; (ii) at any time the trading price of the 2010 Convertible Notes falls below 98% of the average conversion value for the 2010 Convertible Notes for a specified period of time; and (iii) at any time upon the occurrence of specified corporate transactions, to include a change of control (as defined in the Notes Indenture). On or after September 1, 2016, the holders of the 2010 Convertible Notes can elect to convert their securities at any time, with the settlement occurring on March 1, 2017. As of December 31, 2014, none of the contingent conversion features have been achieved, and thus, the 2010 Convertible Notes are not convertible by the holders.

Upon conversion of the 2010 Convertible Notes, we will settle our conversion obligation as follows: (i) we will 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 will satisfy the remaining conversion obligation in our common stock, cash or any combination of our common stock



and cash. Although not convertible as of December 31, 2014, our conversion obligation exceeded the par value of the 2010 Convertible Notes by approximately \$10 million.

The OID related to the 2010 Convertible Notes of \$38.4 million, as a result of an effective interest rate of the liability component of 7.75% compared to the cash interest rate of 3.0%, is being amortized to interest expense through March 1, 2017, the maturity date of the 2010 Convertible Notes.

*Estimated Maturities on Long-Term Debt .*

As of December 31, 2014, the estimated maturities of our long-term debt, based upon: (1) the mandatory repayment schedule for the 2012 Term Loan; and (2) the expected remaining life of the 2010 Convertible Notes, was as follows (in thousands):

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Thereafter</u>
2012 Term Loan	\$ 22,500	\$ 22,500	\$ 75,000	\$ —	\$ —
2010 Convertible Notes	—	—	150,000	—	—
Total long-term debt repayments	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 225,000</u>	<u>\$ —</u>	<u>\$ —</u>

*Deferred Financing Costs.* As of December 31, 2014, net deferred financing costs related to the 2012 Credit Agreement were \$4.2 million, and are being amortized to interest expense over the related term of the 2012 Credit Agreement (through November 2017). As of December 31, 2014, net deferred financing costs related to the 2010 Convertible Notes were \$1.3 million, and are being amortized to interest expense through maturity (March 2017). The net deferred financing costs are reflected in Other Assets in our Balance Sheets. Interest expense for 2014, 2013 and 2012 includes amortization of deferred financing costs of \$2.5 million, \$2.6 million, and \$2.7 million, respectively. The weighted-average interest rate on our debt borrowings, including amortization of OID, amortization of deferred financing costs, and commitment fees on a revolving loan facility, for 2014, 2013, and 2012, was approximately 6%, 5%, and 6%, respectively.

*2015 Credit Agreement.* In February 2015, we entered into an amended and restated \$350 million credit agreement with several financial institutions (the “2015 Credit Agreement”) to replace the 2012 Credit Agreement. The key benefits of this refinancing include: (i) an increase in the tenor of the loan from November 2017 to February 2020; (ii) an increase in the amount of the revolving loan facility from \$100 million to \$200 million; (iii) a reduction in the interest rate and other fees; and (iv) financial and other restrictive covenants that are better or equal to that of the 2012 Credit Agreement.

The 2015 Credit Agreement provides borrowings in the form of: (i) a \$150 million aggregate principal five-year term loan (the “2015 Term Loan”); and (ii) a \$200 million aggregate principal five-year revolving loan facility (the “2015 Revolver”). With the \$150 million proceeds from the 2015 Term Loan, we repaid the outstanding \$120 million balance from term loan under the 2012 Credit Agreement, resulting in a net increase of available cash by \$30 million, a portion of which was used to pay certain fees and expenses in connection with the refinancing.

The interest rates under the 2015 Credit Agreement are based upon our choice of an adjusted LIBOR rate plus an applicable margin of 1.75% - 2.75%, or an alternate base rate plus an applicable margin of 0.75% -1.75%, with the applicable margin, depending on our then-net secured total leverage ratio. We will pay a commitment fee of 0.250% - 0.375% of the average daily unused amount of the 2015 Revolver, with the commitment fee rate also dependent upon our then-net secured total leverage ratio. At the inception of the 2015 Credit Agreement, our interest rate on the 2015 Term Loan is 1.97% (adjusted LIBOR plus 1.75% per annum), effective through March 31, 2015, and our commitment fee on the unused 2015 Revolver is 0.25%. As of the date of this filing, we had no borrowing outstanding on our 2015 Revolver.

The 2015 Credit Agreement includes mandatory repayments of the aggregate principal amount of the 2015 Term Loan (payable quarterly) for the first (5% of total), second (5% of total), third (10% of total), fourth (15% of total), and fifth years (15% of total), with the remaining principal balance due at maturity (50% of total). The 2015 Credit Agreement has no prepayment penalties and requires mandatory repayments under certain circumstances, including: (i) asset sales or casualty proceeds; and (ii) proceeds of debt or preferred stock issuances.

The 2015 Credit Agreement contains customary affirmative covenants. In addition, the 2015 Credit Agreement has customary negative covenants that places limits on our ability to: (i) incur additional indebtedness; (ii) create liens on its property; (iii) make investments; (iv) enter into mergers and consolidations; (v) sell assets; (vi) declare dividends or repurchase shares; (vii) engage in certain transactions with affiliates; and (viii) prepay certain indebtedness; and (ix) issue capital stock of subsidiaries. We must also meet certain financial covenants to include: (i) a maximum total leverage ratio; (ii) a maximum secured leverage ratio; (iii) a minimum interest coverage ratio; and (iv) a limitation on capital expenditures.

In conjunction with the 2015 Credit Agreement, we have pledged assets under a security agreement in favor of a financial institution as collateral agent (the "Security Agreement"). Under the Security Agreement and 2015 Credit Agreement, all of CSG's domestic subsidiaries have guaranteed its obligations, and CSG and such subsidiaries have pledged substantially all of its assets to secure the obligations under the 2015 Credit Agreement and such guarantees.

In conjunction with the closing of the 2015 Credit Agreement, we incurred financing costs of \$2.4 million, which along with the remaining deferred financing costs for the 2012 Credit Agreement, will be amortized to interest expense using the effective interest method over the related term of the 2015 Credit Agreement.

## 6. Restructuring and Reorganization Charges

Restructuring and reorganization charges are expenses that generally result from cost reduction initiatives and/or significant changes to our business, to include such things as involuntary employee terminations, changes in management structure, divestitures of businesses, facility consolidations and abandonments, and fundamental reorganizations impacting operational focus and direction. The following are the key restructuring and reorganizational activities we incurred over the last three years that have impacted our results from operations:

- During 2012, we implemented the following cost reduction and efficiency initiatives:
  - We abandoned one of our current office facilities to improve our space utilization, resulting in a restructuring charge of \$0.5 million.
  - We recorded \$0.6 million of restructuring expenses related primarily to members of Ascade management leaving following the successful close of the transaction.
  - We reduced our workforce by approximately 40 employees, primarily in North America, as a result of organizational changes, elimination of positions, and reskilling of certain roles. As a result, we recorded \$1.0 million of restructuring expenses.
- During 2013 we executed the following restructuring activities:
  - In 2013, we reduced our workforce by approximately 160 employees world-wide. These actions were taken to further align our workforce around our near- and long-term business opportunities. As a result, we incurred restructuring charges related to these involuntary terminations of \$5.6 million.
  - We disposed of a small print operation and our marketing analytics business, resulting in \$3.6 million of restructuring charges, including a \$3 million loss from the sale.
  - We terminated our previously frozen defined benefit pension plan resulting in \$3.2 million of restructuring expense.
- During 2014 we completed the following restructuring and reorganization activities:
  - In July 2014, in conjunction with the reorganization of our Content Direct solution to facilitate its integration with our other offerings, we terminated an incentive arrangement with certain employees to develop and then grow our Content Direct solution (the "Arrangement") in exchange for a one-time cash payment of \$8.0 million, which is reflected as a reorganization charge in the third quarter of 2014. The Arrangement included certain liquidation options for the employees in the event of a change of control of the Content Direct solution. Because of the contingent nature of the Arrangement (i.e., payable only upon the occurrence of a change of control related to the Content Direct solution), we had not recognized any amounts in our financial statements related to this matter up to this point.
  - During 2014, we reduced our workforce by approximately 60 employees world-wide, to further align our workforce around our near- and long-term business opportunities. As a result, we recorded restructuring expense of \$5.6 million.
  - During 2014, we abandoned space at two of our locations to improve our space utilization, resulting in a restructuring charge of \$1.1 million.

The activities discussed above resulted in total charges for 2014, 2013, and 2012 of \$14.0 million, \$12.4 million, and \$2.5 million, respectively, which have been reflected as a separate line item in our Income Statements.

The activity in the business restructuring and reorganization reserves during 2014, 2013, and 2012 is as follows (in thousands):

	Termination Benefits	Facilities Abandonment	Disposition of Business Operations	Other	Total
January 1, 2012, balance	\$ 3,771	\$ 489	\$ —	\$ —	\$ 4,26
Charged to expense during year	1,835	630	—	4	2,46
Cash payments	(3,704)	—	—	(4)	(3,70)
Other	15	(666)	—	—	(65)
December 31, 2012, balance	1,917	(453)	—	—	\$ 2,37
Charged to expense during year	5,577	—	3,588	3,240	12,40
Cash payments	(3,741)	—	(571)	(19)	(4,33)
Adjustment for the loss on the disposition of business operations	—	—	(3,017)	—	(3,01)
Adjustment for the loss on termination of pension plan	—	—	—	(3,221)	(3,22)
Other	(36)	(453)	—	—	(48)
December 31, 2013, balance	3,717	—	—	—	3,71
Charged to expense during year	5,589	1,146	(222)	7,456	13,96
Cash payments	(6,421)	—	—	(8,000)	(14,42)
Adjustment for the loss on the disposition of business operations	—	—	222	—	22
Other	(66)	(33)	—	560	46
December 31, 2014, balance	\$ 2,819	\$ 1,113	\$ —	\$ 16	\$ 3,94

As of December 31, 2014, \$3.1 million of the business restructuring and reorganization reserves were included in current liabilities.

## 7. Income Taxes

*Income Tax Provision/(Benefit)*. The components of net income from continuing operations before income taxes are as follows (in thousands):

	2014	2013	2012
Domestic	\$ 70,737	\$ 63,278	\$ 103,917
Foreign	(9,215)	(1,759)	(26,693)
Total	\$ 61,522	\$ 61,519	\$ 77,224

The income tax provision related to continuing operations consists of the following (in thousands):

	2014	2013	2012
Current:			
Federal	\$ 19,221	\$ 7,260	\$ 32,121
State	2,348	453	4,133
Foreign	2,953	4,273	2,658
	<u>24,522</u>	<u>11,986</u>	<u>38,912</u>
Deferred:			
Federal	1,139	1,130	(832)
State	837	2,329	(3,977)
Foreign	(1,935)	(5,277)	(5,758)
	<u>41</u>	<u>(1,818)</u>	<u>(10,567)</u>
Total income tax provision	\$ 24,563	\$ 10,168	\$ 28,345

Included in the deferred state income tax provision amount for 2012 in the table above is \$(3.1) million related to the impact of an enacted state income tax law change.

The difference between our income tax provision computed at the statutory Federal income tax rate and our financial statement income tax related to continuing operations is summarized as follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Provision at Federal rate of 35%	\$ 21,533	\$ 21,532	\$ 27,028
State income taxes, net of Federal impact	2,070	1,808	101
Research and experimentation credits	(2,045)	(16,683)	(3,651)
Tax uncertainties	596	4,878	1,333
Section 199 manufacturing deduction	(1,936)	(2,263)	(4,246)
Foreign rate differential	2,847	1,133	3,108
Valuation allowance for deferred tax assets	3,602	(3,312)	3,550
Other impact of foreign operations	(3,555)	2,088	672
Other	1,451	987	450
Total income tax provision	<u>\$ 24,563</u>	<u>\$ 10,168</u>	<u>\$ 28,345</u>

Our effective income tax rate for 2013 was unusually low driven mainly by incremental R&D income tax credits claimed for the development activities from previous years and partially by the reduction of certain tax allowances related to foreign operations.

We have undistributed earnings of approximately \$33 million from certain foreign subsidiaries. We intend to indefinitely reinvest these foreign earnings, therefore, a provision has not been made for income taxes that might be payable upon remittance of such earnings. Determination of the amount of unrecognized deferred tax liability on unremitted foreign earnings is not practicable because of the complexities of the hypothetical calculation.

Our research and experimentation (R&D) credits increased from 2012 to 2013 primarily due to the recording of approximately \$6 million of R&D credits generated in 2012 but recorded in 2013, due to the timing of the execution of the American Taxpayer Relief Act of 2012, and the recognition of approximately \$5 million of incremental R&D credits due to revised calculations for development activities in 2009 and 2010. The 2012 R&D credit amount above is the result of a revised calculation for 2011. The 2013 provision for valuation allowance for deferred tax assets includes an approximately \$6 million reduction of certain tax allowances related to our ability to realize certain foreign net operating losses.

*Deferred Income Taxes.* Net deferred income tax liabilities as of December 31, 2014 and 2013 are as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Deferred income tax assets	\$ 77,201	\$ 68,829
Deferred income tax liabilities	(55,045)	(48,830)
Valuation allowance	(20,507)	(17,741)
Net deferred income tax assets	<u>\$ 1,649</u>	<u>\$ 2,258</u>

The components of our net deferred income tax assets (liabilities) as of December 31, 2014 and 2013 are as follows (in thousands):

	2014	2013
<b>Net current deferred income tax assets:</b>		
Accrued expenses and reserves	\$ 10,221	\$ 12,429
Stock-based compensation	4,425	3,929
Total current deferred income tax assets	14,646	16,358
Less: valuation allowance	(1,442)	(1,273)
Net current deferred income tax assets	<u>\$ 13,204</u>	<u>\$ 15,085</u>
<b>Net non-current deferred income tax assets:</b>		
Software	\$ 809	\$ -
Client contracts and related intangibles	(5,252)	(952)
NOL carryforwards	18,527	11,505
Property and equipment	11,470	4,097
Deferred revenue	550	1,209
Facility abandonment	262	189
Other	305	678
Total non-current deferred income tax assets	26,671	16,726
Less: valuation allowance	(17,781)	(9,279)
Net non-current deferred income tax assets	<u>\$ 8,890</u>	<u>\$ 7,447</u>
<b>Net non-current deferred income tax liabilities:</b>		
Software	\$ 211	\$ 88
Client contracts and related intangibles	3,127	(4,104)
Goodwill	(6,747)	(3,846)
NOL carryforwards	23,298	27,500
Property and equipment	(15,048)	(4,812)
Convertible debt securities	(27,708)	(35,116)
Deferred revenue	961	4,470
Contingent payments	840	836
Facility abandonment	2,194	1,892
Other	(289)	7
Total non-current deferred income tax liabilities	(19,161)	(13,085)
Less: valuation allowance	(1,284)	(7,189)
Net non-current deferred income tax liabilities	<u>\$ (20,445)</u>	<u>\$ (20,274)</u>

We regularly assess the likelihood of the future realization of our deferred income tax assets. To the extent we believe that it is more likely than not that a deferred income tax asset will not be realized, a valuation allowance is established. As of December 31, 2014, we believe that between: (i) carryback opportunities to past periods with taxable income; and (ii) sufficient taxable income to be generated in the future, we will realize 100% of the benefit of our U.S. Federal deferred income tax assets, thus no valuation allowance has been established. As of December 31, 2014, we have deferred income tax assets related to state and foreign income tax jurisdictions of \$2.7 million and \$35.6 million, respectively, and have established valuation allowances against those deferred income tax assets of \$2.5 million and \$18.0 million, respectively.

As of December 31, 2014 and 2013, we have an acquired U.S. Federal NOL carryforward of approximately \$51 million which will begin to expire in 2019 and can be utilized through 2030. The acquired U.S. Federal NOL carryforward is attributable to the pre-acquisition periods of acquired subsidiaries. The annual utilization of this U.S. Federal NOL carryforward is limited pursuant to Section 382 of the Internal Revenue Code of 1986, as amended. In addition, as of December 31, 2014 and 2013, we have: (i) state NOL carryforwards of approximately \$63 million and \$50 million, respectively, which will expire beginning in 2015 and end in 2035; and (ii) foreign subsidiary NOL carryforwards of approximately \$96 million and \$90 million, respectively, which will expire beginning in 2017, with a portion of the losses available over an indefinite period of time.

Our 2004 Convertible Debt Securities, which we fully extinguished in 2011, were subject to special U.S. Treasury regulations governing contingent payment debt instruments. These regulations allowed us to take a tax deduction for interest expense on our U.S. Federal income tax return at a constant rate of 9.09% (subject to certain adjustments), compounded semi-annually, which represented the estimated yield on comparable non-contingent, non-convertible, fixed-rate debt instruments with terms and conditions otherwise similar to the 2004 Convertible Debt Securities. This interest expense tax deduction was greater than the interest expense reflected in the accompanying Income Statements, thus creating a deferred income tax liability. The extinguishment of the 2004 Convertible Debt

Securities resulted in: (i) the holders of the 2004 Convertible Debt Securities not having the ability to achieve the 9.09% target yield, and (ii) a requirement for us to pay an amount equal to the cumulative deferred income tax liability to the U.S. tax authorities (without interest or penalties). During the third and fourth quarters of 2011, we paid cash of approximately \$6 million related to the deferred income tax liabilities associated with the 2004 Convertible Debt Securities repurchased in June and July of 2011. In 2014, we paid cash of \$5.6 million related to the deferred income tax liabilities associated with the 2004 Convertible Debt Securities repurchased in 2009 and 2010. The remaining balance owed of approximately \$23 million will be paid ratably over the next four years.

*Accounting for Uncertainty in Income Taxes.* We are required to estimate our income tax liability in each jurisdiction in which we operate, including U.S. Federal, state and foreign income tax jurisdictions. Various judgments and estimates are required in evaluating our tax positions and determining our provisions for income taxes. During the ordinary course of business, there are certain transactions and calculations for which the ultimate income tax determination may be uncertain. In addition, we may be subject to examination of our income tax returns by various tax authorities, which could result in adverse outcomes. For these reasons, we establish a liability associated with unrecognized tax benefits based on estimates of whether additional taxes and interest may be due. This liability is adjusted based upon changing facts and circumstances, such as the closing of a tax audit, the expiration of a statute of limitations or the refinement of an estimate.

A reconciliation of the beginning and ending balances of our liability for unrecognized tax benefits is as follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 9,517	\$ 4,029	\$ 4,114
Additions based on tax positions related to current year	760	1,292	276
Additions for tax positions of prior years	30	4,597	933
Reductions for tax positions of prior years	(677)	(401)	(764)
Lapse of statute of limitations	-	-	(530)
Balance, end of year	<u>\$ 9,630</u>	<u>\$ 9,517</u>	<u>\$ 4,029</u>

We recognize interest and penalty expense associated with our liability for unrecognized tax benefits as a component of income tax expense in our Income Statements. In addition to the \$9.6 million, \$9.5 million, and \$4.0 million of liability for unrecognized tax benefits as of December 31, 2014, 2013, and 2012, we had \$0.5 million, \$0.3 million, and \$0.2 million, respectively, of income tax-related accrued interest. If recognized, the \$9.6 million of unrecognized tax benefits as of December 31, 2014, would favorably impact our effective tax rate in future periods.

We file income tax returns in the U.S. Federal jurisdiction, various U.S. state and local jurisdictions, and many foreign jurisdictions. The U.S., U.K., and Australia are the main taxing jurisdictions in which we operate. The years open for audit vary depending on the taxing jurisdiction. As of December 31, 2014, the U.S. Internal Revenue Service had commenced an audit of our 2010 through 2012 tax years. In addition, the U.S. Federal statute of limitations has expired for periods prior to 2010, and the statute of limitations has expired in our major state jurisdictions of Nebraska, Colorado and Florida for years prior to 2002, 2010, and 2011, respectively. In 2012, we completed our audit in the U.K. for the accounting periods beginning October 1, 2005 and ended September 30, 2010. We have been audited in Australia for years prior to 2007. In addition, the statute of limitations has expired in Australia for years prior to 2010.

## 8. Employee Retirement Benefit Plans

*Defined Contribution-Type Plans.* We sponsor defined contribution plans covering substantially all our U.S.-based employees. Participants may contribute up to 100% of their annual wages, subject to certain limitations, as pretax, salary deferral contributions. We make certain matching, and at our discretion, service-based contributions to the plan. The expense related to matching and service-related contributions for 2014, 2013, and 2012 was \$9.0 million, \$9.7 million, and \$9.0 million, respectively. We also have defined contribution-type plans for certain of our non-U.S.-based employees. The total contributions made to these plans in 2014, 2013, and 2012 were \$5.0 million, \$4.8 million, and \$4.6 million, respectively.

## 9. Commitments, Guarantees and Contingencies

*Operating Leases.* We lease certain office and production facilities under noncancellable operating leases, with the longest lease that runs through June 2025. The leases generally are renewable and provide for the payment of real estate taxes and certain other occupancy expenses. Future aggregate minimum lease payments under these facilities are as follows: 2015 - \$13.9 million; 2016 - \$12.8 million; 2017 - \$12.1 million; 2018 - \$11.4 million; 2019 - \$9.7 million; and thereafter - \$34.2 million. Total rent expense for 2014, 2013, and 2012 was \$19.9 million, \$20.0 million, and \$18.3 million, respectively.

*Service Agreements.* We have an agreement with Infocrossing LLC (“Infocrossing”), a Wipro Limited company, to provide us outsourced data center services. The term of the Infocrossing agreement runs through June 30, 2017. We outsource the data processing and related computer services required for the operation of our outsourced ACP processing services. Our ACP proprietary software and other software applications are run in an outsourced data center environment in order to obtain the necessary computer processing capacity and other computer support services without us having to make the substantial capital and infrastructure investments that would be necessary for us to provide these services internally. Our clients are connected to the outsourced data center environment through a combination of private and commercially-provided networks. Our ACP processing services are generally considered to be mission critical customer management systems by our clients. As a result, we are highly dependent upon Infocrossing for system availability, security, and response time.

*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 delivery 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 December 31, 2014, 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 December 31, 2014. In addition, as a result of the insurance policy coverage, we believe these indemnification agreements are not significant to our results of operations.

*Favorable Settlement of Claims .* In March 2014, we executed a settlement agreement ending litigation we asserted against a third party for patent infringement and misappropriation of trade secrets. In exchange for the release from the lawsuit initiated, we will receive a total of \$6 million, with a portion paid in 2014 and the remainder over the next three years. We have recorded a total \$3.9 million (net of a time value discount and legal costs incurred) as a reduction of selling, general and administrative (“SG&A”) expenses in 2014.

*Legal Proceedings.* From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business.

In April 2014, the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”) issued a Cautionary Letter (the “Letter”) to the Company, instead of pursuing a civil monetary penalty, after completing its review of the following prior period matters:



- An administrative subpoena from OFAC requesting document and information related to the possibility of direct or indirect transactions with or to Iranian entities.
- Our voluntary disclosure to OFAC relating to certain business dealing in Syria.
- Our voluntary disclosure to OFAC relating to certain business dealings in Iran and another sanctioned/embargoed country.

The Letter represents OFAC’s final enforcement response to the Company’s apparent violations, but does not constitute a final agency determination as to whether violations have occurred. The Letter does not preclude OFAC from taking future enforcement action should new or additional information warrant renewed attention. We are not presently a party to any material pending or threatened legal proceedings.

## 10. Stockholders’ Equity

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

As of December 31, 2014, a summary of the shares repurchased under the Stock Repurchase Program is as follows (in thousands, except per share amounts):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>1999-2010</u>	<u>Total</u>
Shares repurchased	733	500	823	750	30,797	33,603
Total cost	\$ 19,106	\$ 10,129	\$ 13,349	\$ 9,930	\$ 733,562	\$ 786,076
Weighted-average price per share	\$ 26.05	\$ 20.23	\$ 16.23	\$ 13.24	\$ 23.82	\$ 23.39

As of December 31, 2014, the total remaining number of shares available for repurchase under the Stock Repurchase Program totaled approximately 1.4 million shares. In February 2015, our Board approved a 7.5 million share increase in the number of shares authorized for repurchase under the Stock Repurchase Program, bringing the total number of shares authorized to 42.5 million and the total remaining shares available for repurchase to approximately 9 million.

In addition to the above mentioned stock repurchases, during 2014, 2013, and 2012, we repurchased and then cancelled approximately 252,000 shares, 264,000 shares, and 197,000 shares for \$6.9 million, \$5.4 million, and \$3.2 million, respectively, of common stock from our employees in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

*Cash Dividend.* In June 2013, our Board approved the initiation of a quarterly cash dividend to be paid to our stockholders. During 2014 and 2013, the Board approved total cash dividends of \$0.6225 per share and \$0.45 per share of common stock, totaling \$21.3 million and \$15.2 million, respectively.

In January 2015, our Board approved an increase in our quarterly cash dividend from \$0.1575 per share of common stock to \$0.175 per share of common stock, effective with the first quarterly dividend in 2015.

*Warrants.* On July 25, 2014, we entered into an amendment to our current agreement with Comcast (the “Amended Agreement”). The Amended Agreement provides the framework for Comcast to consolidate its residential customer accounts onto our ACP customer care and billing solution. As an additional incentive for Comcast to migrate new customer accounts to ACP, the Amended Agreement includes the issuance of stock warrants (the “Warrant Agreement”) for the right to purchase up to approximately 2.9 million shares of our common stock (the “Stock Warrants”), 1.9 million warrants relate to Comcast’s existing residential business and the remaining 1.0 million warrants relate to additional residential customer accounts that Comcast may acquire and migrate onto ACP in the future. The Stock Warrants have a 10-year term and an exercise price of \$26.68 per warrant.

The 1.9 million of the Stock Warrants relate to Comcast’s existing residential business and vest(ed) as follows:

- The first 25% of these Stock Warrants (approximately 0.5 million) vested upon the successful migration of the first 0.5 million customer accounts, which occurred during the fourth quarter of 2014 upon the successful migration of two million new Comcast customer accounts.
- The next 25% of these Stock Warrants had a time-based vesting provision, and vested in January 2015.
- The next 25% of these Stock Warrants vest only after a cumulative total of 5.5 million customer accounts are migrated onto ACP.

- The last 25% of these Stock Warrants vest proportionately based on the number of customer accounts migrated above 5.5 million accounts, with full vesting based on a target of 5.7 million customer accounts above the 5.5 million account level (i.e., a total target of 11.2 million customer account migrations).

The remaining 1.0 million Stock Warrants that relate to additional residential accounts that Comcast may acquire and migrate onto ACP in the future only vest proportionately with acquired customer accounts migrated onto ACP from other providers' billing platforms, with full vesting based on a target of 5 million newly migrated customer accounts.

Fifty percent of the unvested Stock Warrants become fully vested upon a fundamental change (including a change in control) of the Company, as defined, proportionally reducing the number of Stock Warrants eligible for vesting based on future performance conditions.

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.

The fair value of the 0.5 million Stock Warrants that vested in the fourth quarter of 2014 was \$3.6 million, as determined using the Black-Scholes option-pricing model. Upon vesting, this amount was recorded as a client incentive asset with the corresponding offset to stockholders' equity.

The fair value of the 0.5 million Stock Warrants that vest in January 2015 was \$3.7 million at the grant date, as determined using the Black-Scholes option-pricing model. This amount is being recorded ratably over the vesting period as a client incentive asset with the corresponding offset to stockholders' equity.

The client incentive asset related to the Stock Warrants is being amortized as a reduction in processing and related services revenues over the remaining term of the Comcast amended agreement. As of December 31, 2014, we recorded a client incentive asset related to these Stock Warrants of \$6.7 million and have amortized \$0.4 million as a reduction in processing and related services revenues.

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 December 31, 2014, none of the Stock Warrants had been exercised.

*Convertible Debt Securities.* Under GAAP, convertible debt securities that may be settled in cash upon conversion (including partial cash settlement) must be separated into their liability and equity components at initial recognition by: (i) recording the liability component at the fair value of a similar liability that does not have an associated equity component; and (ii) attributing the remaining proceeds from the issuance to the equity component. The carrying amount of the equity component related to our convertible debt securities outstanding, included within additional paid-in capital, net of tax, as of December 31, 2014 and 2013 was \$22.9 million.

## **11. Equity Compensation Plans**

### ***Stock Incentive Plans***

*Stock Incentive Plan.* In 2014, our stockholders approved an increase of 2.9 million shares authorized for issuance under the 2005 Stock Incentive Plan (the "2005 Plan"), from 15.8 million shares to 18.7 million shares. Shares reserved under the 2005 Plan can be granted to officers and other key employees of our company and its subsidiaries and to non-employee directors of our company in the form of stock options, stock appreciation rights, performance unit awards, restricted stock awards, or stock bonus awards. Shares granted under the 2005 Plan in the form of a performance unit award, restricted stock award or stock bonus award are counted toward the aggregate number of shares of common stock available for issuance under the 2005 Plan as two shares for every one share granted or issued in payment of such award. As of December 31, 2014, 4.8 million shares were available for issuance.

*Restricted Stock.* We generally issue new shares (versus treasury shares) to fulfill restricted stock award grants. Restricted stock awards are granted at no cost to the recipient. Historically, our restricted stock awards have vested annually primarily over three or four years with no restrictions other than the passage of time (i.e., the shares are released upon calendar vesting with no further restrictions) ("Time-Based Awards"). Unvested Time-Based Awards are typically forfeited and cancelled upon termination of employment with our company. Certain Time-Based Awards become fully vested (vesting accelerates) upon a change in control, as defined, and the subsequent involuntary termination of employment. The fair value of the Time-Based Awards (determined by using the closing market price of our common stock on the grant date) is charged to expense on a straight-line basis over the requisite service period for the entire award.

We also issue restricted stock shares to key members of management that vest in equal installments over three years upon meeting either pre-established financial performance objectives or pre-established stock price objectives (“Performance-Based Awards”). The structure of the performance goals for the Performance-Based Awards has been approved by our stockholders. The Performance-Based Awards become fully vested (vesting accelerates) upon a change in control, as defined, and the subsequent involuntary termination of employment. The fair value of the Performance-Based Awards (determined by using the closing market price of our common stock on the grant date) is charged to expense on a straight-line basis over the requisite service period, taking into consideration the probability of vesting, for each separately vesting portion of the award as if the award is, in-substance, multiple awards.

A summary of our unvested restricted stock activity during 2014 is as follows (shares in thousands):

	2014	
	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, January 1, 2014	1,922	\$ 18.57
Awards granted	1,295	26.45
Awards forfeited/cancelled	(151)	20.19
Awards vested	(755)	18.79
Unvested awards, December 31, 2014	2,311	\$ 22.81

The weighted-average grant date fair value per share of restricted stock shares granted during 2014, 2013, and 2012 was \$26.45, \$19.75, and \$16.58, respectively. The total market value of restricted stock shares vesting during 2014, 2013, and 2012 was \$20.7 million, \$16.2 million, and \$10.6 million, respectively.

#### ***1996 Employee Stock Purchase Plan***

As of December 31, 2014, we have an employee stock purchase plan whereby 1.7 million shares of our common stock have been reserved for sale to our U.S. employees through payroll deductions. The price for shares purchased under the plan is 85% of market value on the last day of the purchase period. Purchases are made at the end of each month. During 2014, 2013, and 2012, 61,592 shares, 68,845 shares, and 93,352 shares, respectively, were purchased under the plan for \$1.4 million (\$21.31 to \$25.47 per share), \$1.4 million (\$16.01 to \$24.99 per share), and \$1.4 million (\$12.24 to \$19.12 per share), respectively. As of December 31, 2014, 499,549 shares remain eligible for purchase under the plan.

#### ***Stock-Based Compensation Expense***

We recorded stock-based compensation expense of \$16.7 million, \$14.8 million, and \$13.4 million, respectively, for 2014, 2013, and 2012. As of December 31, 2014 there was \$37.9 million of total compensation cost related to unvested awards not yet recognized. That cost, excluding the impact of forfeitures, is expected to be recognized over a weighted-average period of 2.5 years.

We recorded a deferred income tax benefit related to stock-based compensation expense during 2014, 2013, and 2012, of \$5.0 million, \$4.6 million, and \$4.6 million, respectively. The actual income tax benefit realized for the tax deductions from stock option exercises and vesting of restricted stock for 2014, 2013, and 2012, totaled \$6.5 million, \$5.4 million, and \$4.0 million, respectively.

## 12. Unaudited Quarterly Financial Data

	Quarter Ended			
	March 31	June 30	September 30	December 31
(in thousands, except per share amounts)				
<b>2014:</b>				
Total revenues	\$ 188,028	\$ 184,558	\$ 185,003	\$ 193,697
Total cost of revenues (exclusive of depreciation)	102,104	93,682	94,470	99,087
Operating income (1)	20,914	21,820	13,831	19,125
Income before income taxes (1)	17,002	17,741	10,064	16,715
Income tax provision (2)	(7,311)	(8,338)	(4,831)	(4,083)
Net income (1)(2)	9,691	9,403	5,233	12,632
Basic earnings per common share (1)(2)	\$ 0.30	\$ 0.29	\$ 0.16	\$ 0.39
Diluted earnings per common share (1)(2)	0.28	0.28	0.15	0.38
<b>2013:</b>				
Total revenues	\$ 180,632	\$ 186,107	\$ 186,180	\$ 194,549
Total cost of revenues (exclusive of depreciation)	93,354	94,758	94,898	94,155
Operating income (3)	18,035	21,681	20,553	16,435
Income before income taxes (3)	13,544	18,862	16,631	12,482
Income tax benefit (provision) (2)	1,354	(6,790)	(1,331)	(3,401)
Net income (2)(3)	14,898	12,072	15,300	9,081
Basic earnings per common share (2)(3)	\$ 0.46	\$ 0.38	\$ 0.48	\$ 0.28
Diluted earnings per common share (2)(3)	0.46	0.37	0.47	0.27

- (1) During the first, third, and fourth quarters of 2014 we incurred restructuring expenses of \$1.2 million, \$7.8 million, and \$4.9 million, respectively, or \$0.02, \$0.12, and \$0.11 per diluted share (see Note 6).
- (2) Fluctuations in our effective income tax rate between quarters generally relates to the accounting for discrete income tax items in any given quarter, and revisions of estimates for certain income tax components during the year.
- For 2014: Our effective income tax rates for the first, second, third, and fourth quarters were 43%, 47%, 48%, and 24%, respectively. The low fourth quarter rate can be mainly attributed to full year impact of the 2014 R&D tax credits, as the legislation was not passed until December 2014.
  - For 2013: Our effective income tax rates for the first, second, third, and fourth quarters of 2013 were (10)%, 36%, 8%, and 27%, respectively. The negative rate in the first quarter of 2013 reflects the benefit of approximately \$6 million of R&D tax credits that we generated in 2012, but were unable to include in the determination of our 2012 effective tax rate as the legislation was not signed into law until 2013. The lower income tax rates for the third and fourth quarter were mainly driven by incremental R&D income tax credits claimed for development activities from previous years and by the reduction of certain tax allowances related mainly to foreign operations, offset by increases in tax reserves for uncertainties, which provided a benefit of approximately \$6 million and \$2 million, respectively.
- (3) During the first and fourth quarters of 2013 we incurred restructuring expenses of \$0.9 and \$11.5 million, respectively, or \$0.03 and \$0.25 per diluted share (see Note 6).

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**(a) Evaluation of 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) Management’s Annual Report on 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). Management’s Report on Internal Control over Financial Reporting is located at the front of Part II, Item 8 of this report.

**(c) Attestation Report of the Independent Registered Public Accounting Firm**

Our independent registered public accounting firm issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2014. KPMG LLP’s report is located immediately following Management’s Report on Internal Control over Financial Reporting at the front of Part II, Item 8 of this report.

**(d) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the fourth quarter of 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

See the Proxy Statement for our 2015 Annual Meeting of Stockholders, from which information regarding directors is incorporated herein by reference. Information regarding our executive officers will be omitted from such proxy statement and is furnished in a separate item captioned “Executive Officers of the Registrant” included at the end of Part I of this Form 10-K.

### **Item 11. Executive Compensation**

See the Proxy Statement for our 2015 Annual Meeting of Stockholders, from which information in response to this Item is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

See the Proxy Statement for our 2015 Annual Meeting of Stockholders, from which information required by this Item is incorporated herein by reference, with the exception of the equity compensation plan information which is presented in Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities”, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

See the Proxy Statement for our 2015 Annual Meeting of Stockholders, from which information in response to this Item is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services**

See the Proxy Statement for our 2015 Annual Meeting of Stockholders, from which information in response to this Item is incorporated herein by reference.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

#### (a) Financial Statements, Financial Statement Schedules, and Exhibits:

##### (1) Financial Statements

The financial statements filed as part of this report are listed on the Index to Consolidated Financial Statements on page 42.

##### (2) Financial Statement Schedules:

None. Any information required in the Financial Statement Schedules is provided in sufficient detail in our Financial Statements and notes thereto.

##### (3) Exhibits

Exhibits are listed in the Exhibit Index on page 76.

The Exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 of Regulation S-K.

#### (b) Exhibits

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





## EXHIBIT INDEX

Exhibit Number	Description
2.10(16)	Implementation Agreement between CSG Systems International, Inc. and Intec
3.01(1)	Restated Certificate of Incorporation of the Company
3.02(38)	Amended and Restated Bylaws of CSG Systems International, Inc.
3.03(2)	Certificate of Amendment of Restated Certificate of Incorporation of CSG Systems International, Inc.
4.01(1)	Form of Common Stock Certificate
4.30(13)	Purchase Agreement dated February 24, 2010, by and between CSG Systems International, Inc., and Barclays Capital Inc., J.P. Morgan Securities Inc., and UBS Securities LLC
4.40(13)	Indenture dated March 1, 2010 between CSG Systems International, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee
4.50(17)	\$300,000,000 Amended and Restated Credit Agreement dated as of September 24, 2010, as Amended and Restated as of November 24, 2010, among CSG Systems International, Inc., as Borrower, The Guarantors Party Hereto, The Lenders Party Hereto, UBS Securities LLC and RBC Capital Markets as Joint Lead Arrangers and Joint Bookmanagers, RBS Capital Markets, as Syndication Agent, UBS Securities LLC, as Documentation Agent, UBS AG, Stamford Branch, as Issuing Bank, Administrative Agent and Collateral Agent, and UBS Loan Finance LLC, as Swingline Lender
4.60(27)	\$250,000,000 Amended and Restated Credit Agreement dated as of November 9, 2012, among CSG Systems International, Inc., as Borrower, The Guarantors Party Hereto, The Lenders Party Hereto, RBC Capital Markets, Wells Fargo Securities, LLC, HSBC Bank USA, National Association and BBVA Compass, as Joint Lead Arrangers and Joint Bookmanagers, Wells Fargo Bank, National Association, as Syndication Agent, HSBC Bank USA, National Association and BBVA Compass, as Co-Documentation Agents, Royal Bank of Canada, as Administrative Agent and Collateral Agent, and Royal Bank of Canada, as Issuing Bank and Swingline Lender
4.70	\$350,000,000 Second Amended and Restated Credit Agreement dated as of February 3, 2015, among CSG Systems International, Inc., as Borrower, The Guarantors Party Hereto, The Lenders Party Hereto, RBC Capital Markets, Wells Fargo Securities, LLC, HSBC Bank USA, National Association, BBVA, and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint Lead Arrangers and Joint Bookmanagers; Wells Fargo Bank, National Association as Syndication Agent; HSBC Bank USA, National Association, BBVA Compass, and Bank of America, N.A. as Co-Documentation Agents; Royal Bank of Canada as Administrative Agent and Collateral Agent, and Royal Bank of Canada as Issuing Bank and Swingline Lender
10.02(19)	Second Amended and Restated 1996 Employee Stock Purchase Plan, as adopted on May 17, 2011
10.04(34)	CSG Systems International, Inc. 2005 Stock Incentive Plan, as adopted on May 22, 2014
10.05(19)	CSG Systems International, Inc. Performance Bonus Program, as adopted on May 17, 2011
10.06(7)	CSG Systems International, Inc. 2001 Stock Incentive Plan, as amended August 14, 2007
10.15(14)	Form of Indemnification Agreement between CSG Systems International, Inc. and Directors and Executive Officers
10.16(4)	Indemnification Agreement between CSG Systems International, Inc. and Mr. Ronald Cooper, dated November 16, 2006
10.21*(9)	CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21A*(17)	Fifth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Comcast Cable Communications Management, LLC

<b>Exhibit Number</b>	<b>Description</b>
10.21B*(18)	Sixth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21C*(20)	Seventh Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21D*(25)	Eighth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21E*(25)	Ninth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21F*(25)	Tenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21G*(25)	Eleventh Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21H*(25)	Twelfth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21I*(26)	Thirteenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21J*(26)	Fourteenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21K*(26)	Fifteenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21L*(26)	Sixteenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21M*(27)	Seventeenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21N*(27)	Eighteenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21O*(27)	Twentieth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21P*(28)	Nineteenth Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21Q*(28)	Twenty-First Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21R*(28)	Twenty-Second Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.21S*(28)	Twenty-Third Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22*(28)	CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22A*(29)	First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22B*(30)	Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22C*(30)	Third Amendment to the Restated and Amended CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC

Exhibit Number	Description
10.22D*(30)	Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22E(31)*	Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22F(31)*	Sixth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22G(31)*	Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22H(32)*	CD Addendum to CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22I(37)*	Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22J(37)*	Tenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22K*	Eleventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22L*	Twelfth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.22M*	Thirteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC
10.23*(12)	CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Dish Network L.L.C.
10.23A*(14)	Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Dish Network, L.L.C.
10.23B*(17)	Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Dish Network, L.L.C.
10.23C*(18)	Tenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and DISH Network, L.L.C.
10.23D*(20)	Eleventh Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23E*(20)	Twelfth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23F*(20)	Thirteenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23G*(20)	Fourteenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23H*(21)	Fifteenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23I*(25)	Sixteenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23J*(24)	Seventeenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23K*(24)	Eighteenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.

<b>Exhibit Number</b>	<b>Description</b>
10.23L*(23)	Nineteenth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23M*(24)	Twentieth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23N*(24)	Twenty-first Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23O*(35)	Twenty-second Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23P*(25)	Twenty-third Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23Q*(25)	Twenty-fourth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23R*(26)	Twenty-fifth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23S*(26)	Twenty-sixth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23T*(27)	Twenty-seventh Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23U*(27)	Twenty-eighth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23V*(27)	Twenty-ninth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23W*(27)	Thirtieth Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Dish Network L.L.C.
10.23X*(29)	Thirty-First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23Y*(29)	Thirty-Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23Z*(29)	Thirty-Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AA*(29)	Thirty-Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AB*(30)	Thirty-Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AC*(30)	Thirty-Sixth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AD(31)*	Thirty-Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AE(31)*	Thirty-Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AF(33)*	Fortieth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AG(33)*	Forty-First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.

<b>Exhibit Number</b>	<b>Description</b>
10.23AH(37)*	Forty-Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AI(37)*	Forty-Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AJ(37)*	Forty-Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AK(37)*	Forty-Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AL(37)*	Forty-Sixth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.23AM*	Forty-Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and DISH Network L.L.C.
10.24*(11)	CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable dated March 13, 2003
10.24A*(11)	ComTec Processing and Production Services Agreement
10.24B*(11)	Second Amendment to the Processing and Production Services Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24C*(17)	Forty-ninth Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24*D(20)	Third Amendment to the Processing and Production Services Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24E*(20)	Fifty-First Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24F*(20)	Fifty-Third Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24G*(25)	Fifty-Seventh Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24H*(25)	Sixty-First Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24I*(26)	Fifty-Sixth Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24J*(26)	Sixty-third Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24K*(26)	Sixty-fifth Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24L*(27)	Forty-eighth Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24M*(27)	Fifty-ninth Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24N*(27)	Sixty-seventh Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24O*(27)	Sixty-eighth Amendment of the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24P(27)	Second Amendment to Affiliate Addendum (Corporate National Sales Division)

<b>Exhibit Number</b>	<b>Description</b>
10.24P*(28)	Sixtieth Amendment to the CSG Master Subscriber Management Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24Q(27)	Fourth Amendment to Affiliate Addendum Carolina Region
10.24Q*(28)	Seventieth Amendment to the CSG Master Subscriber Management Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24R(28)	First Amendment to Affiliate Addendum Media Sales Division between CSG Systems, Inc. and Time Warner Cable Inc.
10.24S*(29)	Sixty-Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24T*(30)	Seventy-Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24U*(30)	Seventy-Sixth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24V(31)*	Fifty-Eighth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24W(31)*	Seventy-Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24X(31)*	Seventy-Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24Y(31)*	Seventy-Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24Z(31)*	Eighty-Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AA(33)*	Seventy-Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AB(33)*	Seventy-Eighth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AC(33)*	Seventy-Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AD(35)*	Eighty-First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AE(35)*	Eighty-Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AF(35)*	Eighty-Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AG(35)*	Eighty-Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AH(36)*	Amended and Restated Processing and Production Services Agreement entered into between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AI(37)*	Eighty-Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AJ(37)*	Eighty-Eighth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AK(37)*	Eighty-Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.



Exhibit Number	Description
10.24AL(37)*	Ninetieth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AM(37)*	Ninety-First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Time Warner Cable Inc.
10.24AO*	First Amendment to the CSG Master Subscriber Management System Agreement Between CSG Systems, Inc. and Time Warner Cable Enterprises LLC
10.39(9)	CSG Systems, Inc. Wealth Accumulation Plan, as amended August 15, 2008
10.47(8)	Restated Employment Agreement with Randy R. Wiese, dated May 29, 2008
10.47A(9)	First Amendment to Restated Employment Agreement with Randy R. Wiese, dated August 19, 2008
10.48(8)	Restated Employment Agreement with Peter E. Kalan, dated May 29, 2008
10.48A(9)	First Amendment to Restated Employment Agreement with Peter E. Kalan, dated August 19, 2008
10.49(8)	Restated Employment Agreement with Joseph T. Ruble, dated May 29, 2008
10.49A(9)	First Amendment to Restated Employment Agreement with Joseph T. Ruble, dated August 19, 2008
10.50(3)	CSG Systems International, Inc. 2001 Stock Incentive Plan
10.51(10)	Employment Agreement with Bret C. Griess dated February 19, 2009
10.52(18)	Restated Employment Agreement with Michael J. Henderson, dated March 16, 2011
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10.83A(30)	Forms of Agreement for Equity Compensation
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23.01	Consent of KPMG LLP
31.01	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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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

- (1) Incorporated by reference to the exhibit of the same number to the Registration Statement No. 333-244 on Form S-1.
- (2) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997.
- (3) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2002.



- (4) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated November 16, 2006.
- (5) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2007.
- (6) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2007.
- (7) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2007.
- (8) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2008.
- (9) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2008.
- (10) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2009.
- (11) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K/A for the year ended December 31, 2008, filed on September 8, 2009.
- (12) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009.
- (13) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated February 24, 2010.
- (14) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010.
- (15) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated July 13, 2010.
- (16) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2010.
- (17) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010.
- (18) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2011.
- (19) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 17, 2011.
- (20) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2011.
- (21) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2011.
- (22) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.
- (23) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2012.
- (24) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q/A for the period ended March 31, 2012, filed on August 29, 2012.
- (25) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2012.
- (26) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2012.
- (27) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012.
- (28) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2013.
- (29) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2013.
- (30) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2013.
- (31) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013.
- (32) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-K/A for the period ended December 31, 2013, filed on July 9, 2014.
- (33) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2014.

- (34) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 22, 2014.
- (35) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2014.
- (36) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 2014, filed on October 23, 2014.
- (37) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2014.
- (38) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated November 20, 2014.

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\* 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.

**\$350,000,000**

**SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

**dated as of February 3, 2015,**

**among**

**CSG SYSTEMS INTERNATIONAL, INC.,**

**as Borrower,**

**THE GUARANTORS PARTY HERETO,**

**THE LENDERS PARTY HERETO,**

**RBC CAPITAL MARKETS<sup>1\*\*</sup>, WELLS FARGO SECURITIES, LLC, HSBC BANK USA, NATIONAL ASSOCIATION, BBVA and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,**

**as Joint Lead Arrangers and Joint Bookmanagers,**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**

**as Syndication Agent,**

**HSBC BANK USA, NATIONAL ASSOCIATION, BBVA COMPASS and BANK OF AMERICA, N.A.,**

**as Co-Documentation Agents,**

**ROYAL BANK OF CANADA,**

**as Administrative Agent and Collateral Agent,**

**and**

**ROYAL BANK OF CANADA,**

**as Issuing Bank and Swingline Lender**

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<sup>1\*\*</sup> \*\* RBC Capital Markets is the brand name for the capital markets activities of Royal Bank of Canada and its affiliates.

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Exhibit M-3	Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
Exhibit M-4	Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)



## SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “**Agreement**”) dated as of February 3, 2015, among CSG SYSTEMS INTERNATIONAL, INC., a Delaware corporation (“**Borrower**”), the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in Article I), the Lenders, RBC CAPITAL MARKETS, WELLS FARGO SECURITIES, LLC, HSBC BANK USA, NATIONAL ASSOCIATION, BBVA and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED as joint lead arrangers and joint bookmanagers (in such capacities, the “**Lead Arrangers**”), HSBC BANK USA, NATIONAL ASSOCIATION and BBVA COMPASS, as co-documentation agents (in such capacity, “**Co-Documentation Agents**”), WELLS FARGO BANK, NATIONAL ASSOCIATION, as syndication agent (in such capacity, “**Syndication Agent**”), ROYAL BANK OF CANADA, as swingline lender (in such capacity, “**Swingline Lender**”) and as issuing bank (in such capacity, “**Issuing Bank**”), and ROYAL BANK OF CANADA as administrative agent (in such capacity, “**Administrative Agent**”) for the Lenders and as collateral agent (in such capacity, “**Collateral Agent**”) for the Secured Parties.

### WITNESSETH:

WHEREAS, Borrower has requested the Lenders to extend credit in the form of (a) Term Loans on the Closing Date, in an aggregate principal amount not in excess of \$150.0 million, and (b) Revolving Loans at any time and from time to time prior to the Revolving Maturity Date, in an aggregate principal amount at any time outstanding not in excess of \$200.0 million.

WHEREAS, Borrower has requested the Swingline Lender to make Swingline Loans, at any time and from time to time prior to the Revolving Maturity Date, in an aggregate principal amount at any time outstanding not in excess of \$10.0 million.

WHEREAS, Borrower has requested the Issuing Bank to issue Letters of Credit, in an aggregate face amount at any time outstanding not in excess of \$25.0 million.

WHEREAS, the proceeds of the Loans are to be used in accordance with Section 3.12.

WHEREAS, the parties hereto desire to amend and restate the Existing Credit Agreement in order to make the modifications thereto provided for herein and to include as Lenders certain of the parties hereto signing this Agreement as Lenders.

NOW, THEREFORE, the Lenders are willing to extend such credit to Borrower, and the Issuing Bank is willing to issue letters of credit for the account of Borrower and its Subsidiaries on the terms and subject to the conditions set forth herein, and the parties hereto are willing to amend and restate the Existing Credit Agreement as provided for herein. Accordingly, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.01

#### Defined Terms.

As used in this Agreement, the following terms shall have the meanings specified below:

“**10b5-1 Trading Plan**” shall have the meaning assigned to such term in Section 6.07(b).

2017. “**2010 Convertible Notes**” shall mean the \$150.0 million 3% Senior Subordinated Convertible Notes of Borrower due

“**ABR Borrowing**” shall mean a Borrowing comprised of ABR Loans.

“**ABR Loan**” shall mean any ABR Term Loan or ABR Revolving Loan.

“**ABR Revolving Loan**” shall mean any Revolving Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**ABR Term Loan**” shall mean any Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**Acquisition Consideration**” shall mean the purchase consideration for any Permitted Acquisition and all other payments by Borrower or any of its Subsidiaries in exchange for, or as part of, or in connection with, any Permitted Acquisition, whether paid in cash or by exchange of Equity Interests or of properties or otherwise and whether payable at or prior to the consummation of such Permitted Acquisition or deferred for payment at any future time, whether or not any such future payment is subject to the occurrence of any contingency, and includes any and all payments representing the purchase price and any assumptions of Indebtedness, “earn-outs” and other agreements to make any payment the amount of which is, or the terms of payment of which are, in any respect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any person or business; *provided* that any such future payment that is subject to a contingency shall be considered Acquisition Consideration only to the extent of the reserve, if any, required under GAAP at the time of such sale to be established in respect thereof by Borrower or any of its Subsidiaries.

“**Adjusted LIBOR Rate**” shall mean, with respect to any Eurocurrency Borrowing in any currency for any Interest Period, (a) an interest rate per annum determined by the Administrative Agent to be equal to the LIBOR Rate for such Eurocurrency Borrowing in effect for such Interest Period divided by (b) 1 *minus* the Statutory Reserves (if any) for such Eurocurrency Borrowing for such Interest Period.

“**Administrative Agent**” shall have the meaning assigned to such term in the preamble hereto and includes each other person appointed as the successor pursuant to Article X.

“**Administrative Questionnaire**” shall mean an Administrative Questionnaire available upon request from the Administrative Agent.

“**Affiliate**” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“**Agent Fees**” shall have the meaning assigned to such term in Section 2.05(b).

“**Agents**” shall mean the Administrative Agent and the Collateral Agent; and “**Agent**” shall mean any of them.

“**Agreement**” shall have the meaning assigned to such term in the preamble hereto.’

“**all relevant steps**” shall have the meaning assigned to such term in Section 10.19(b).

“ **Alternate Base Rate** ” shall mean, for any day, a fluctuating rate per annum equal to the greatest of (a) the Base Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day *plus* 0.50% and (c) the Adjusted LIBOR Rate applicable to a Loan in dollars for an Interest Period of one-month beginning on such day (or if such day is not a Business Day, on the immediately preceding Business Day) plus 100 basis points. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate or the Adjusted LIBOR Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) and/or (c), as applicable, of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Base Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Base Rate or the Federal Funds Rate.

“ **Alternate Currency** ” shall mean each of (a) euros, pounds, and Australian dollars and (b) any other currency consented to by the Administrative Agent, the Revolving Lenders and the Issuing Bank.

“ **Alternate Currency Base Rate** ” shall mean, for any day, the rate per annum which is quoted at approximately 10:00 a.m. (London time) to leading banks in the European interbank market by the Administrative Agent for the offering of overnight deposits in the relevant Alternate Currency or, at the option of the Administrative Agent in respect of an outstanding Reimbursement Obligation in an Alternate Currency, such other base rate as the Administrative Agent would customarily charge on similar obligations of companies of comparable credit standing.

“ **Alternate Currency Equivalent** ” shall mean, as to any amount denominated in dollars as of any date of determination, the amount of the applicable Alternate Currency that could be purchased with such amount of dollars based upon the Spot Rate.

“ **Alternate Currency Letter of Credit** ” shall mean any Letter of Credit to the extent denominated in an Alternate Currency.

“ **Alternate Currency Revolving Loan** ” shall mean each Revolving Loan denominated in an Alternate Currency.

“ **Amortization Date** ” shall mean the last Business Day of each March, June, September and December.

“ **Anti-Terrorism Laws** ” shall mean any Requirement of Law related to terrorism financing or money laundering including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (“ **USA PATRIOT Act** ”) of 2001 (Title III of Pub. L. 107-56), The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act”, 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959), the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) and Executive Order 13224 (effective September 24, 2001).

“ **Applicable Commitment Fee Rate** ” shall mean, for any day, the applicable percentage set forth below under the appropriate caption:

Net Secured Total Leverage Ratio	Commitment Fee Rate
> 1.50:1.0	0.375%
≤ 1.50:1.0	0.250%

“ **Applicable Margin** ” shall mean, for any day, with respect to any Loan, the applicable percentage set forth in Annex I under the appropriate caption.

“ **Applicable Period** ” shall have the meaning assigned to such term in Annex I.

“ **Approved Currency** ” shall mean each of dollars and each Alternate Currency.

“ **Approved Fund** ” shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ **Asset Sale** ” shall mean (a) any conveyance, sale, non-ordinary course lease or sublease, assignment, transfer or other disposition (including by way of merger or consolidation and including any Sale and Leaseback Transaction) of any property excluding sales of inventory and dispositions of cash and cash equivalents, in each case, in the ordinary course of business, by Borrower or any of its Subsidiaries and (b) any issuance or sale of any Equity Interests of any Subsidiary of Borrower, in each case, to any person other than (i) Borrower, (ii) any Subsidiary Guarantor or (iii) other than for purposes of Section 6.06, any other Subsidiary.

“ **Assignment and Assumption** ” shall mean an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.04(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit B, or any other form approved by the Administrative Agent.

“ **Attributable Indebtedness** ” shall mean, when used with respect to any Sale and Leaseback Transaction, as at the time of determination, the present value (discounted at a rate equivalent to Borrower’s then-current weighted average cost of funds for borrowed money as at the time of determination, compounded on a semi-annual basis) of the total obligations of the lessee for rental payments during the remaining term of the lease included in any such Sale and Leaseback Transaction.

“ **Australian dollar** ” or “ **A\$** ” shall mean the lawful currency of the Commonwealth of Australia.

“ **Auto-Renewal Letter of Credit** ” shall have the meaning assigned to such term in Section 2.18(c)(ii).

“ **Base Rate** ” shall mean, for any day, a rate per annum that is equal to the corporate base rate of interest established by the Administrative Agent from time to time for Loans in dollars; each change in the Base Rate shall be effective on the date such change is effective. The corporate base rate is not necessarily the lowest rate charged by the Administrative Agent to its customers.

“ **Basel III** ” shall mean, collectively, those certain agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A Global Regulatory Framework for More

Resilient Banks and Banking Systems”, “Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring” and “Guidance for National Authorities Operating the Countercyclical Capital Buffer,” each as published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated.

“ **Board** ” shall mean the Board of Governors of the Federal Reserve System of the United States.

“ **Board of Directors** ” shall mean, with respect to any person, (a) in the case of any corporation, the board of directors of such person, (b) in the case of any limited liability company, the manager, board of managers or other similar person or group of persons in respect of such person, (c) in the case of any limited partnership, the general partner of such person or (d) the functional equivalent of the foregoing.

“ **Borrower** ” shall have the meaning assigned to such term in the preamble hereto.

“ **Borrowing** ” shall mean (a) Loans of the same Class, Type and currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

“ **Borrowing Request** ” shall mean a request by Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit C, or such other form as shall be approved by the Administrative Agent.

“ **Business Day** ” shall mean any day other than a Saturday, Sunday or other day on which banks in New York City are authorized or required by law to close; *provided, however*, that when used in connection with (a) a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market, (b) an Alternate Currency Revolving Loan denominated in euros, the term “Business Day” shall also exclude any day on which the Trans-European Real-time Gross Settlement Operating System (or any successor operating system) is not operating (as determined in good faith by the Administrative Agent) and (c) an Alternate Currency Revolving Loan denominated in an Approved Currency other than euros, the term “Business Day” shall also exclude any day on which banks are not open for dealings in such Approved Currency deposits in the interbank market in the capital city of the country whose lawful currency is such Approved Currency.

“ **Capital Assets** ” shall mean, with respect to any person, all equipment, fixed assets and Real Property or improvements of such person, or replacements or substitutions therefor or additions thereto, that, in accordance with GAAP, have been or should be reflected as additions to property, plant or equipment on the balance sheet of such person.

“ **Capital Expenditures** ” shall mean, for any period, without duplication, all expenditures made directly or indirectly by Borrower and its Subsidiaries during such period for Capital Assets (whether paid in cash or other consideration, financed by the incurrence of Indebtedness or accrued as a liability), but excluding any portion of such increase attributable solely to acquisitions of property, plant and equipment in Permitted Acquisitions.

“ **Capital Lease Obligations** ” of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP; provided, that all leases of

any person that are or would be characterized as operating leases in accordance with GAAP on the Closing Date (whether or not such operating leases were in effect on such date) shall continue to be considered as operating leases (and not as capital leases) for purposes of this Agreement regardless of any change in GAAP following the date that would otherwise require the accounting for such leases to reflect a right-to-use asset and a lease liability on the consolidated balance sheet of the Borrower.

“ **Cash Equivalents** ” shall mean, as to any person, (a) securities issued, or directly, unconditionally and fully guaranteed or insured, by the United States or any agency or instrumentality thereof ( *provided* that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition by such person; (b) time deposits and certificates of deposit of any Lender or any commercial bank having, or which is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any state thereof or the District of Columbia having, capital and surplus aggregating in excess of \$500.0 million and a rating of at least A or the equivalent thereof by S&P or A2 or the equivalent thereof by Moody’s with maturities of not more than one year from the date of acquisition by such person; (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) above entered into with any bank meeting the qualifications specified in clause (b) above, which repurchase obligations are secured by a valid perfected security interest in the underlying securities; (d) commercial paper issued by any person incorporated in the United States rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody’s, and in each case maturing not more than one year after the date of acquisition by such person; (e) investments in money market funds substantially all of whose assets are comprised of securities of the types described in clauses (a) through (d) above; (f) other Investments permitted by the guidelines set forth in Schedule 1.01(c); (g) demand deposit accounts maintained in the ordinary course of business; and (h) in the case of any Subsidiary of Borrower organized or having a material place of business outside the United States, investments denominated in the currency of the jurisdiction in which such Subsidiary is organized or has a material place of business which are substantially similar to the items specified in clauses (a) through (f) above.

“ **Casualty Event** ” shall mean any involuntary loss of title, any involuntary loss of, damage to or any destruction of, or any condemnation or other taking (including by any Governmental Authority) of, any property of Borrower or any of its Subsidiaries. “Casualty Event” shall include but not be limited to any taking of all or any part of any Real Property of any person, in or by condemnation or other eminent domain proceedings pursuant to any Requirement of Law, or by reason of the temporary requisition of the use or occupancy of all or any part of any Real Property of any person by any Governmental Authority, civil or military, or any settlement in lieu thereof.

“ **CERCLA** ” shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 *et seq.* and all implementing regulations.

A “ **Change in Control** ” shall be deemed to have occurred if:

(a) at any time a “change of control” (or similar event) under and as defined in the documents evidencing, governing or securing any Material Borrowed Indebtedness shall occur and as a result thereof a default or event of default in respect of such Material Borrowed Indebtedness shall exist or Borrower shall become obligated to prepay or redeem, or to offer to prepay or repurchase, such Material Borrowed Indebtedness prior to the final maturity thereof; or

(b) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause such person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly

or indirectly, of Voting Stock of Borrower representing more than 35% of the voting power of the total outstanding Voting Stock of Borrower.

For purposes of this definition, a person shall not be deemed to have beneficial ownership of Equity Interests subject to a stock purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

“ **Change in Law** ” shall mean the occurrence, after the Closing Date, of any of the following: (a) the adoption, phase-in or taking into effect of any law, treaty, order, policy, rule or regulation (or any provision thereof), (b) any change in any law, treaty, order, policy, rule or regulation or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

“ **Charges** ” shall have the meaning assigned to such term in Section 10.14.

“ **Class** ,” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans, Incremental Term Loans or Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, Term Commitment or Swingline Commitment, in each case, under this Agreement as originally in effect or pursuant to Section 2.20.

“ **Closing Date** ” shall mean February 3, 2015, the first date on which all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Article IV and on which the initial Credit Extension is made.

“ **Co-Documentation Agents** ” shall have the meaning assigned to such term in the preamble hereto.

“ **Code** ” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“ **Collateral** ” shall mean, collectively, all of the Security Agreement Collateral, the Mortgaged Property and all other property of whatever kind and nature subject or purported to be subject from time to time to a Lien under any Security Document.

“ **Collateral Agent** ” shall have the meaning assigned to such term in the preamble hereto.

“ **Comcast Warrants** ” shall mean the Borrower’s stock warrants issued to the Comcast Corporation (or its successors or assigns) .

“ **Commitment** ” shall mean, with respect to any Lender, such Lender’s Revolving Commitment, Term Commitment or Swingline Commitment, and any Commitment to make Term Loans or Revolving Loans of a new Class extended by such Lender as provided in Section 2.20.

“ **Commitment Fee** ” shall have the meaning assigned to such term in Section 2.05(a).

“ **Communications** ” shall have the meaning assigned to such term in Section 10.01(b).

“ **Companies** ” shall mean Borrower and its Subsidiaries; and “ **Company** ” shall mean any one of them.

“ **Compliance Certificate** ” shall mean a certificate of a Financial Officer substantially in the form of Exhibit D.

“ **Consolidated Amortization Expense** ” shall mean, for any period, the amortization expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Depreciation Expense** ” shall mean, for any period, the depreciation expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“ **Consolidated EBITDA** ” shall mean, for any period, Consolidated Net Income for such period, adjusted by (x) *adding thereto* , in each case only to the extent (and in the same proportion) deducted in determining such Consolidated Net Income and without duplication:

- (a) Consolidated Interest Expense for such period,
- (b) Consolidated Amortization Expense for such period,
- (c) Consolidated Depreciation Expense for such period,
- (d) Consolidated Tax Expense for such period,
- (e) fees, expenses, financing costs, severance costs and management bonuses incurred or paid in connection with (i) any Permitted Acquisition (or proposed Permitted Acquisition) or (ii) any business restructuring to the extent included in a footnote or as a separate line item on the financial statements of Borrower and, in either case, required to be expensed under GAAP; *provided that the aggregate amount added to Consolidated EBITDA pursuant to this clause (e)(ii) shall not exceed 15% of Consolidated EBITDA for any period of four fiscal quarters,*
- (f) the aggregate amount of all other non-cash charges, expenses or losses reducing Consolidated Net Income (excluding any non-cash charge, expense or loss that results in an accrual of a reserve for cash charges in any future period and any non-cash charge, expense or loss relating to write-offs, write-downs or reserves with respect to accounts or inventory) for such period,
- (g) acquired in-process research and development expenditures that are expensed at the time of or immediately following the acquisition thereof, in a Permitted Acquisition or otherwise,
- (h) fees, expenses and financing costs incurred or paid in connection with any incurrence of issuance of any Indebtedness or Equity Issuance (or proposed issuance of Indebtedness or Equity Issuance) to the extent required to be expensed under GAAP,
- (i) any amortization or write-down of intangible assets (including goodwill, software and organizational costs),
- (j) contingent consideration paid in connection with a Permitted Acquisition to the extent required to be expensed under GAAP,
- (k) non-cash expenses related to equity-based compensation,



- (l) amortization or write-off of customer incentive payments treated as contra-revenue under GAAP,
- (m) minority interests,
- (n) to the extent actually reimbursed, expenses incurred to the extent covered by indemnification provisions in any agreement in connection with any Permitted Acquisition,
- (o) expenses with respect to liability or casualty events or business interruption, to the extent Borrower has a reasonable good faith belief that it or its Subsidiaries will receive net cash proceeds from insurance with respect thereto,
- (p) losses incurred in connection with any redemption or repurchases of 2010 Convertible Notes or any other debt securities of Borrower, and
- (q) rental payments in connection with Attributable Indebtedness and synthetic leases,

and (y) *subtracting therefrom*, in each case only to the extent (and in the same proportion) included in determining such Consolidated Net Income and without duplication:

- (a) the aggregate amount of all non-cash income or gains increasing Consolidated Net Income (other than the accrual of revenue or recording of receivables in the ordinary course of business or any non-cash income or gains to be received in cash in any future period) for such period,
- (b) income created by or relating to contingent consideration in an Asset Sale to the extent recognized as revenue under GAAP, and
- (c) gains in connection with any redemption or repurchases of 2010 Convertible Notes or any other debt securities of Borrower.

Consolidated EBITDA shall be calculated for all purposes (x) on a Pro Forma Basis to give effect to any Permitted Acquisition or Asset Sale (other than any dispositions in the ordinary course of business) consummated at any time on or after the first day of the applicable Test Period and prior to the date of determination as if each such Permitted Acquisition and Asset Sale had been effected on the first day of such period; and (y) to exclude the effects of adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue required or permitted by GAAP resulting from the application of purchase accounting in relation to any Permitted Acquisition.

“ **Consolidated Indebtedness** ” shall mean, with respect to Borrower and its Subsidiaries as at any date of determination, the aggregate amount of all Indebtedness (other than (x) Indebtedness of the types described in clauses (h) and (as to contingent amounts only) (j) of the definition of Indebtedness and (y) Indebtedness of the types described in clauses (f) and (k), or the last sentence, of the definition of Indebtedness, in each case in this clause (y), to the extent that the underlying Indebtedness of others is of the types described in clauses (h) and (as to contingent amounts only) (j) of the definition of Indebtedness) of Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Interest Coverage Ratio** ” shall mean, for any Test Period, the ratio of (x) Consolidated EBITDA for such Test Period to (y) Consolidated Interest Expense (other than any component of Consolidated Interest Expense described in clauses (c), (d) and, unless actually paid in cash

by Borrower or any of its Subsidiaries, (g) of the definition of Consolidated Interest Expense) payable in cash on a current basis for such Test Period.

“ **Consolidated Interest Expense** ” shall mean, for any period, the total consolidated interest expense of Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP *plus* , without duplication:

- (a) imputed interest on Capital Lease Obligations and Attributable Indebtedness of Borrower and its Subsidiaries for such period;
  - (b) commissions, discounts and other fees and charges owed by Borrower or any of its Subsidiaries with respect to letters of credit securing financial obligations, bankers’ acceptance financing and receivables financings for such period;
  - (c) amortization of debt issuance costs, debt discount or premium and other financing fees and expenses incurred by Borrower or any of its Subsidiaries for such period;
  - (d) cash contributions to any employee stock ownership plan or similar trust made by Borrower or any of its Subsidiaries to the extent such contributions are used by such plan or trust to pay interest or fees to any person (other than Borrower or a Wholly Owned Subsidiary) in connection with Indebtedness incurred by such plan or trust for such period;
  - (e) all interest paid or payable with respect to discontinued operations of Borrower or any of its Subsidiaries for such period;
  - (f) the interest portion of any deferred payment obligations of Borrower or any of its Subsidiaries for such period;
- and
- (g) all interest on any Indebtedness of Borrower or any of its Subsidiaries of the type described in clause (f) of the definition of “Indebtedness” for such period;

*provided* that Consolidated Interest Expense shall be calculated after giving effect to Hedging Agreements related to interest rates (including associated costs), on a “hedge” basis, regardless of whether such basis is available under GAAP and excluding mark-to-market gains and losses with respect to Hedging Agreements related to interest rates.

Consolidated Interest Expense shall be calculated on a Pro Forma Basis to give effect to the Indebtedness (other than Indebtedness incurred for ordinary course working capital needs under ordinary course revolving credit facilities) incurred, assumed or permanently repaid or extinguished at any time on or after the first day of the Test Period and prior to the date of determination in connection with any Permitted Acquisition or any Asset Sale as if such incurrence, assumption, repayment or extinguishment had been effected on the first day of such period (with the interest expense on any such Indebtedness bearing interest at a floating rate being determined for periods prior to the date when actually incurred, based upon the interest rate thereon in effect on the date of such incurrence).

“ **Consolidated Net Income** ” shall mean, for any period, the consolidated net income (or loss) of Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP; *provided* that there shall be excluded from such net income (to the extent otherwise included therein), without duplication:

- (a) the net income (or loss) of any person (other than a Subsidiary of Borrower) in which any person other than Borrower and its Subsidiaries has an ownership interest, except to

the extent that cash in an amount equal to any such income has actually been received by Borrower or any of its Subsidiaries during such period;

(b) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized during such period by Borrower or any of its Subsidiaries upon any Asset Sale (other than any dispositions in the ordinary course of business) by Borrower or any of its Subsidiaries, including any restructuring charges related thereto to the extent required to be expensed in accordance with GAAP;

(c) gains and losses due solely to fluctuations in currency values and the related tax effects determined in accordance with GAAP for such period;

(d) earnings resulting from any reappraisal, revaluation or write-up of assets;

(e) mark-to-market gains and losses with respect to Hedging Obligations for such period; and

(f) any extraordinary or nonrecurring gain (or extraordinary or nonrecurring loss), together with any related provision for taxes on any such gain (or the tax effect of any such loss), recorded or recognized by Borrower or any of its Subsidiaries during such period.

“ **Consolidated Tax Expense** ” shall mean, for any period, the tax expense of Borrower and its Subsidiaries, for such period, determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Total Assets Less Goodwill** ” shall mean, at any date of determination, the Total Assets, less goodwill, as set forth on the balance sheet of Borrower used to determine Total Assets.

“ **Contingent Obligation** ” shall mean, as to any person, any obligation, agreement, understanding or arrangement of such person guaranteeing or intended to guarantee any Indebtedness (“ **primary obligations** ”) of any other person (the “ **primary obligor** ”) in any manner, whether directly or indirectly, including any obligation of such person, whether or not contingent, (a) to purchase any such primary obligation; (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation; (d) with respect to bankers’ acceptances, letters of credit and similar credit arrangements, until a reimbursement obligation arises (which reimbursement obligation shall constitute Indebtedness); or (e) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; *provided, however*, that the term “Contingent Obligation” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or any product warranties. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such person may be liable, whether singly or jointly, pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

“ **Control** ” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting

securities, by contract or otherwise, and the terms “ **Controlling** ” and “ **Controlled** ” shall have meanings correlative thereto.

“ **Control Agreement** ” shall have the meaning assigned to such term in the Security Agreement.

“ **Credit Extension** ” shall mean, as the context may require, (i) the making of a Loan by a Lender or (ii) the issuance of any Letter of Credit, or the amendment, extension or renewal of any existing Letter of Credit, by the Issuing Bank.

“ **CSG Cyber Solutions** ” shall mean CSG Cyber Solutions, Inc., a Delaware corporation.

“ **De Minimus Subsidiary** ” shall mean any Subsidiary (including any Foreign Subsidiary that becomes a Domestic Subsidiary) with, in the aggregate, consolidated assets having a book value of less than \$2,500,000.

“ **Debt Issuance** ” shall mean the incurrence by Borrower or any of its Subsidiaries of any Indebtedness after the Closing Date (other than as permitted by Section 6.01 or Section 2.20 ).

“ **Default** ” shall mean any event, occurrence or condition which is, or upon notice, lapse of time or both would constitute, an Event of Default.

“ **Default Rate** ” shall have the meaning assigned to such term in Section 2.06(c) .

“ **Defaulting Lender** ” shall mean any Lender, as reasonably determined by the Administrative Agent, that (a) has failed to fund any portion of its Loans or participations in Letters of Credit or Swingline Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has notified the Administrative Agent, the Issuing Bank, the Swingline Lender, any Lender and/or Borrower in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans, (d) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, or (e) in the case of a Lender that has a Commitment, LC Exposure or Swingline Exposure outstanding at such time, shall take, or is the Subsidiary of any person that has taken, any action or be (or is) the subject of any action or proceeding of a type described in Section 8.01(g) or (h) (or any comparable proceeding initiated by a regulatory authority having jurisdiction over such Lender or such person).

“ **Disqualified Capital Stock** ” shall mean any Equity Interest which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Final Maturity Date, (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the first anniversary of the Final Maturity Date, or (c) contains any repurchase obligation which may come into effect prior to payment in full of all Obligations; *provided, however*, that any Equity Interests that would not constitute Disqualified Capital

Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a change in control or an asset sale occurring prior to the first anniversary of the Final Maturity Date shall not constitute Disqualified Capital Stock if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the repayment in full of the Obligations.

“ **Dividend** ” with respect to any person shall mean that such person has declared or paid a dividend or returned any equity capital to the holders of its Equity Interests or authorized or made any other distribution, payment or delivery of property (other than Qualified Capital Stock of such person) or cash to the holders of its Equity Interests as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for consideration any of its Equity Interests outstanding (or any options or warrants issued by such person with respect to its Equity Interests), or set aside any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for consideration any of the Equity Interests of such person outstanding (or any options or warrants issued by such person with respect to its Equity Interests).

“ **Dollar Equivalent** ” shall mean, as to any amount denominated in an Alternate Currency as of any date of determination, the amount of dollars that would be required to purchase the amount of such Alternate Currency based upon the Spot Rate.

“ **dollars** ” or “ **\$** ” shall mean lawful money of the United States.

“ **Domestic EBITDA Percentage** ” shall mean the percentage of Consolidated EBITDA for the four fiscal quarters then ended that is attributable to Companies that are not Foreign Subsidiaries.

“ **Domestic Holding Company Subsidiary** ” shall mean a Subsidiary, other than a Foreign Subsidiary, substantially all of whose assets consist of the Equity Interests in controlled foreign corporations within the meaning of Section 957(a) of the Code.

“ **Domestic Subsidiary** ” means any Subsidiary that is organized under the Laws of the United States, any state thereof or the District of Columbia.

“ **Eligible Assignee** ” shall mean any person to whom a Lender is permitted to assign Loans and Commitments pursuant to Section 10.04(b)(i); *provided* that “Eligible Assignee” shall not include Borrower or any of its Affiliates or Subsidiaries or any natural person.

“ **Embargoed Person** ” shall mean any party that (i) is publicly identified on the most current list of “Specially Designated Nationals and Blocked Persons” published by the U.S. Treasury Department’s Office of Foreign Assets Control (“ **OFAC** ”) or resides, is organized or chartered, or has a place of business in a country or territory subject to OFAC sanctions or embargo programs or (ii) is publicly identified as prohibited from doing business with the United States under the International Emergency Economic Powers Act, the Trading With the Enemy Act, or any other Requirement of Law.

“ **Engagement Letter** ” shall mean the engagement letter, dated as of January 8, 2015, between the Borrower and Royal Bank of Canada.

“ **English Share Charge** ” shall mean the English share charge, dated as of November 9, 2012, between the Borrower and the Collateral Agent.

“ **Environment** ” shall mean ambient air, indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata and any other environmental medium and natural resources.

“ **Environmental Claim** ” shall mean any claim, notice, demand, order, action, suit, proceeding or other communication alleging liability for or obligation with respect to any investigation, remediation, removal, cleanup, response, corrective action, damages to natural resources, personal injury, property damage, fines, penalties or other costs resulting from, related to or arising out of (i) the presence, Release or threatened Release in or into the Environment of Hazardous Material at any location or (ii) any violation or alleged violation of any Environmental Law, and shall include any claim seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from, related to or arising out of the presence, Release or threatened Release of Hazardous Material or alleged injury or threat of injury to health, safety or the Environment.

“ **Environmental Law** ” shall mean any and all present and future treaties, laws, statutes, ordinances, regulations, rules, decrees, orders, judgments, consent orders, consent decrees, code or other binding requirements, and the common law, relating to the Environment, the Release or threatened Release of pollutants, contaminants or hazardous or toxic materials, natural resources or natural resource damages, or human or occupational safety or health as it relates to human exposure to hazardous materials.

“ **Environmental Permit** ” shall mean any permit, license, approval, registration, notification, exemption, consent or other authorization required by or from a Governmental Authority under Environmental Law.

“ **Equity Interest** ” shall mean, with respect to any person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such person, including, if such person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, whether outstanding on or issued after the Closing Date, but excluding debt securities convertible or exchangeable into such equity.

“ **Equity Issuance** ” shall mean, without duplication, (i) any issuance or sale by Borrower after the Closing Date of any Equity Interests in Borrower (including any Equity Interests issued upon exercise of any warrant or option) or any warrants or options to purchase Equity Interests or (ii) any contribution to the capital of Borrower.

“ **ERISA** ” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

“ **ERISA Affiliate** ” shall mean, with respect to any person, any trade or business (whether or not incorporated) that, together with such person, is treated as a single employer under Section 414 of the Code.

“ **ERISA Event** ” shall mean (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived by regulation); (b) with respect to a Plan, the failure to satisfy the minimum funding standards of Sections 412 and 430 of the Code and Section 302 of ERISA, whether or not waived; (c) the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the

filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the incurrence by any Loan Party or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (f) a determination that any Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (g) the receipt by any Loan Party or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (h) the incurrence by any Loan Party or any of its ERISA Affiliates of any liability with respect to the withdrawal from any Plan or Multiemployer Plan; (i) the receipt by any Loan Party or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA or in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (j) the “substantial cessation of operations” within the meaning of Section 4062(e) of ERISA with respect to a Plan; (k) the making of any amendment to any Plan which could result in the imposition of a lien or the posting of a bond or other security; and (l) the occurrence of a nonexempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could reasonably be expected to result in liability to any Loan Party.

“**euro**” or “**€**” shall mean the single currency of the Participating Member States.

“**Eurocurrency Borrowing**” shall mean a Borrowing comprised of Eurocurrency Loans.

“**Eurocurrency Loan**” shall mean any Eurocurrency Revolving Loan or Eurocurrency Term Loan.

“**Eurocurrency Revolving Borrowing**” shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

“**Eurocurrency Revolving Loan**” shall mean any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate in accordance with the provisions of Article II.

“**Eurocurrency Term Loan**” shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate in accordance with the provisions of Article II.

“**Event of Default**” shall have the meaning assigned to such term in Section 8.01.

“**Excess Amount**” shall have the meaning assigned to such term in Section 2.10(f).

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Excluded Swap Obligation**” shall mean, with respect to any Loan Party, any obligation (a “**Swap Obligation**”) to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act, if, and to the extent that, all or a portion of the guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof).

“**Excluded Taxes**” shall mean, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of any



Loan Party hereunder, (a) Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, or become a party to, performed its obligations or received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan Document), (b) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under Section 2.16), any U.S. federal withholding Tax that is imposed on payments resulting from any Requirements of Law that are in effect at the time such Foreign Lender becomes a party hereto, except to the extent that such Foreign Lender's assignor, if any, was entitled, immediately prior to such assignment, to receive additional amounts or indemnity payments from the applicable Loan Party with respect to such withholding Tax pursuant to Section 2.15; (c) in the case of a Foreign Lender who designates a new lending office, any U.S. federal withholding Tax that is imposed on payments resulting from any Requirements of Law that are in effect at the time of such change in lending office, except to the extent that such Foreign Lender was entitled, immediately prior to such change in lending office, to receive additional amounts or indemnity payments from the applicable Loan Party with respect to such withholding Tax pursuant to Section 2.15, (d) any Tax that is attributable to such Lender's failure to comply with Section 2.15(e), (e) taxes attributable to the failure by a beneficial owner (under applicable tax law) of a payment to provide (to any Person prescribed by law to receive) any documentation necessary to claim any applicable exemption from, or reduction of, such taxes, which documentation such beneficial owner was legally eligible to provide or (f) any withholding Taxes imposed under FATCA.

“ **Existing Credit Agreement** ” shall mean the Amended and Restated Credit Agreement, dated as of November 9, 2012, among Borrower, the guarantors party thereto, the lenders party thereto, RBC Capital Markets, Wells Fargo Securities, LLC, HSBC Bank USA, National Association and BBVA Securities Inc., as joint lead arrangers and joint bookmanagers, Wells Fargo Bank, National Association, as syndication agent, the co-documentation agents party thereto, Royal Bank of Canada, as issuing bank, administrative agent and collateral agent and Royal Bank of Canada, as swingline lender.

“ **Existing Lien** ” shall have the meaning assigned to such term in Section 6.02(c).

“ **FATCA** ” shall mean Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended version that is substantively comparable), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“ **Federal Funds Effective Rate** ” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“ **Fees** ” shall mean the Commitment Fees, the Agent Fees, the LC Participation Fees and the Fronting Fees.

“ **Final Maturity Date** ” shall mean the latest of the Revolving Maturity Date, the Term Loan Maturity Date and any Incremental Term Loan Maturity Date applicable to existing Incremental Term Loans, as of any date of determination.

“ **Financial Officer** ” of any person shall mean the chief financial officer, principal accounting officer, treasurer or controller of such person.



“ **First-Lien Leverage Ratio** ” shall mean, at any date of determination, the ratio of (i) Consolidated Indebtedness that is secured on such date less the aggregate amount of any such Indebtedness that is secured by Liens permitted by Section 6.02(o) on such date to (ii) Consolidated EBITDA for the Test Period then most recently ended.

“ **Foreign Lender** ” shall mean any Lender that is not, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, partnership or other entity treated as a corporation or partnership created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of such trust. In addition, solely for purposes of clauses (b) and (c) of the definition of Excluded Taxes, a Foreign Lender shall include a partnership or other entity treated as a partnership created or organized in or under the laws of the United States, any state thereof or the District of Columbia, but only to the extent the partners of such partnership (including indirect partners if the direct partners are partnerships or other entities treated as partnerships for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia) are treated as Foreign Lenders under the preceding sentence (in which event, the determination of whether a U.S. federal withholding tax on payments resulted from any Requirements of Law in effect at the time such Foreign Lender became a party hereto will be made by reference to the time when the applicable direct or indirect partner became a direct or indirect partner of such Foreign Lender, but only if such date is later than the date on which such Foreign Lender became a party hereto).

“ **Foreign Plan** ” shall mean any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by any Loan Party with respect to employees employed outside the United States.

“ **Foreign Subsidiary** ” shall mean a Subsidiary (i) that is organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia or (ii) that is a direct Subsidiary of a Subsidiary described in clause (i) above.

“ **Fronting Fee** ” shall have the meaning assigned to such term in Section 2.05(c).

“ **Fund** ” shall mean any person that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“ **GAAP** ” shall mean generally accepted accounting principles in the United States applied on a consistent basis.

“ **Governmental Authority** ” shall mean the government of the United States or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union, the European Central Bank or the Organisation for Economic Co-operation and Development).

“ **Governmental Real Property Disclosure Requirements** ” shall mean any requirement of Environmental Law requiring notification, registration or filing to or with any Governmental Authority

in connection with the sale, lease, mortgage, assignment or other transfer (including any transfer of control) of any Real Property, facility, establishment or business.

“ **Guaranteed Obligations** ” shall have the meaning assigned to such term in Section 7.01.

“ **Guarantees** ” shall mean the guarantees issued pursuant to Article VII by Borrower and the Subsidiary Guarantors.

“ **Hazardous Materials** ” shall mean the following: hazardous substances; hazardous wastes; polychlorinated biphenyls (“ **PCBs** ”) or any substance or compound containing PCBs; asbestos or any asbestos-containing materials in any form or condition; radon or any other radioactive materials including any source, special nuclear or by-product material; petroleum, crude oil or any fraction thereof; and any other pollutant or contaminant or chemicals, wastes, materials, compounds, constituents or substances, subject to regulation or which can give rise to liability under any Environmental Laws.

“ **Hedging Agreement** ” shall mean any swap, cap, collar, forward purchase or similar agreements or arrangements dealing with interest rates, currency exchange rates or commodity prices, either generally or under specific contingencies.

“ **Hedging Obligations** ” shall mean obligations under or with respect to Hedging Agreements.

“ **Immaterial Subsidiaries** ” shall mean any Subsidiaries of Borrower (a) the combined revenues of which constituted, for the period of four fiscal quarters ended on the last day of the most recent fiscal quarter or fiscal year in respect of which financial statements shall have been delivered pursuant to Section 5.01(a) or (b), less than, for all such Subsidiaries in the aggregate, 5% of the consolidated revenues of Borrower and its Subsidiaries for such period and (b) the consolidated assets of which constituted, as at such last day, less than, for all such Subsidiaries in the aggregate, 5% of the consolidated assets of Borrower and its Subsidiaries at such day.

“ **Increase Effective Date** ” shall have the meaning assigned to such term in Section 2.20(a).

“ **Increase Joinder** ” shall have the meaning assigned to such term in Section 2.20(c).

“ **Incremental Revolving Commitment** ” shall have the meaning assigned to such term in Section 2.20(a).

“ **Incremental Term Loans** ” shall have the meaning assigned to such term in Section 2.20(c).

“ **Incremental Term Loan Commitment** ” shall have the meaning assigned to such term in Section 2.20(a).

“ **Incremental Term Loan Maturity Date** ” shall have the meaning assigned to such term in Section 2.20(c).

“ **Indebtedness** ” of any person shall mean, without duplication, (a) all obligations of such person for borrowed money; (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments; (c) all obligations of such person upon which interest charges are customarily paid or accrued (excluding trade accounts payable and accrued obligations incurred in the ordinary course of

business); (d) all obligations of such person under conditional sale or other title retention agreements relating to property purchased by such person; (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding deferred compensation, contingent consideration in respect of Permitted Acquisitions and trade accounts payable and accrued obligations incurred in the ordinary course of business); (f) all Indebtedness of others secured by any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, but limited to the fair market value of such property; (g) all Capital Lease Obligations, Purchase Money Obligations and synthetic lease obligations of such person; (h) all Hedging Obligations to the extent required to be reflected on a balance sheet of such person; (i) all Attributable Indebtedness of such person; (j) all obligations of such person for the reimbursement of any obligor in respect of letters of credit, letters of guaranty, bankers' acceptances and similar credit transactions; and (k) all Contingent Obligations of such person in respect of Indebtedness of others of the kinds referred to in clauses (a) through (j) above. The Indebtedness of any person shall include the Indebtedness of any other entity (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person's ownership interest in or other relationship with such entity, except to the extent that terms of such Indebtedness expressly provide that such person is not liable therefor.

“ **Indemnified Taxes** ” shall mean all Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by any Loan Party under any Loan Document.

“ **Indemnitee** ” shall have the meaning assigned to such term in Section 10.03(b).

“ **Information** ” shall have the meaning assigned to such term in Section 10.12.

“ **Intellectual Property** ” shall have the meaning assigned to such term in Section 3.06(a).

“ **Interest Election Request** ” shall mean a request by Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.08(b), substantially in the form of Exhibit E.

“ **Interest Payment Date** ” shall mean (a) with respect to any ABR Loan (including Swingline Loans), the last Business Day of each March, June, September and December to occur during any period in which such Loan is outstanding, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Loan with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, (c) with respect to any Revolving Loan or Swingline Loan, the Revolving Maturity Date or such earlier date on which the Revolving Commitments are terminated and (d) with respect to any Term Loan, the Term Loan Maturity Date or an Incremental Term Loan Maturity Date.

“ **Interest Period** ” shall mean, with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months (or nine or twelve months if agreed to by all affected Lenders) thereafter, as Borrower may elect; *provided* that (a) if Borrower does not make an election of an Interest Period for a Eurocurrency Borrowing of Term Loans, it shall be deemed to have elected an Interest Period of three months, (b) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such

Interest Period and (d) the first Interest Period in respect of any Term Loans borrowed on the Closing Date shall begin on the Closing Date and end on the last Business Day of March 2015. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing; *provided, however*, that an Interest Period shall be limited to the extent required under Section 2.03(e).

“**Investments**” shall have the meaning assigned to such term in Section 6.04.

“**Issuing Bank**” shall mean, as the context may require, (a) Royal Bank of Canada, in its capacity as issuer of Letters of Credit issued by it; (b) any other Lender that may become an Issuing Bank pursuant to Sections 2.18(j) and (k) in its capacity as issuer of Letters of Credit issued by such Lender; or (c) collectively, all of the foregoing.

“**Issuing Country**” shall have the meaning assigned to such term in Section 10.18(a).

“**Joinder Agreement**” shall mean a joinder agreement substantially in the form of Exhibit F.

“**Judgment Currency**” shall have the meaning assigned to such term in Section 10.17(a).

“**Judgment Currency Conversion Date**” shall have the meaning assigned to such term in Section 10.17(a).

“**LC Commitment**” shall mean the commitment of the Issuing Bank to issue Letters of Credit pursuant to Section 2.18. The amount of the LC Commitment shall initially be \$25.0 million, but shall in no event exceed the Revolving Commitment.

“**LC Disbursement**” shall mean a payment or disbursement made by the Issuing Bank pursuant to a drawing under a Letter of Credit.

“**LC Exposure**” shall mean at any time the sum of (a) the Dollar Equivalent of the aggregate undrawn amount of all outstanding Letters of Credit at such time *plus* (b) the Dollar Equivalent of the aggregate principal amount of all Reimbursement Obligations outstanding at such time. The LC Exposure of any Revolving Lender at any time shall mean its Pro Rata Percentage of the aggregate LC Exposure at such time.

“**LC Participation Fee**” shall have the meaning assigned to such term in Section 2.05(c).

“**LC Request**” shall mean a request by Borrower in accordance with the terms of Section 2.18(b) and substantially in the form of Exhibit G, or such other form as shall be approved by the Administrative Agent.

“**Lead Arrangers**” shall have the meaning assigned to such term in the preamble hereto.

“**Lenders**” shall mean (a) the financial institutions that have become parties hereto as Lenders and (b) any financial institution or other entity that has become a party as a Lender hereto pursuant to an Assignment and Assumption, other than, in each case, any such financial institution that has ceased to be a party hereto pursuant to an Assignment and Assumption. Unless the context clearly indicates otherwise, the term “Lenders” shall include the Swingline Lender.

“**Letter of Credit**” shall mean any letter of credit or similar instrument issued or to be issued by an Issuing Bank for the account of Borrower or any Subsidiary pursuant to Section 2.18.

“ **Letter of Credit Expiration Date** ” shall mean the date which is fifteen days prior to the Revolving Maturity Date.

“**LIBOR Rate**” means, for any Interest Period with respect to a Eurocurrency Borrowing, the rate per annum, expressed on the basis of a year of 360 days, reasonably determined by the Administrative Agent in good faith at approximately 11:00 a.m. (London time), on the date that is two Business Days prior to the commencement of such Interest Period by reference to the London interbank offered rate set by ICE Benchmark Administration for deposits in the relevant Approved Currency (as set forth by any service selected by the Administrative Agent that has been nominated by ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; provided, however, that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the “LIBOR Rate” shall be the interest rate per annum reasonably determined by the Administrative Agent in good faith to be the average of the rates per annum at which deposits in the relevant Approved Currency are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period; provided, that, if such rate is below zero, LIBOR will be deemed to be zero for purposes of this Agreement.

“ **Lien** ” shall mean, with respect to any property, (a) any mortgage, deed of trust, lien, pledge, encumbrance, claim, charge, assignment, hypothecation, security interest or encumbrance of any kind, including any easement, right-of-way or other encumbrance on title to Real Property, in, on or of such property in each of the foregoing cases whether voluntary or imposed by law; (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such property; and (c) in the case of the Equity Interests of any Subsidiary, any purchase option, call or similar right of a third party with respect to such securities.

“ **Loan Documents** ” shall mean this Agreement, the Letters of Credit, the Notes (if any), the Security Documents and any other document that Borrower and the Administrative Agent have agreed to be a Loan Document, other than a Hedging Agreement or a Treasury Services Agreement.

“ **Loan Parties** ” shall mean Borrower and the Subsidiary Guarantors.

“ **Loans** ” shall mean, as the context may require, a Revolving Loan, a Term Loan or a Swingline Loan (and shall include any Replacement Term Loans and any Loans contemplated by Section 2.20).

“ **London Business Day** ” shall mean any day on which banks are generally open for dealings in dollar deposits in the London interbank market.

“ **Margin Stock** ” shall have the meaning assigned to such term in Regulation U.

“ **Market Disruption Loans** ” shall mean Loans the rate of interest applicable to which is based upon the Market Disruption Rate, and the Applicable Margin with respect thereto shall be the same as (i) in the case of any Loan of any Class bearing a Market Disruption Rate determined by reference to the Alternate Base Rate, the Applicable Margin then applicable to ABR Loans of such Class and (ii) in the case of any other Loan of any Class bearing a Market Disruption Rate, the Applicable Margin then applicable to Eurocurrency Loans of such Class; *provided* that, other than with respect to the rate of interest and Applicable Margin applicable thereto, Market Disruption Loans shall for all purposes hereunder and under the other Loan Documents be treated as ABR Loans.

“ **Market Disruption Rate** ” shall mean, for any day, a fluctuating rate per annum equal to, in the reasonable discretion of the Administrative Agent, either (i) the Alternate Base Rate for such day (but only for a Loan denominated in dollars) or (ii) the rate for such day reasonably determined by the Administrative Agent to be the cost of funds of representative participating members in the interbank eurodollar market selected by the Administrative Agent (which may include Lenders) for maintaining loans similar to the relevant Market Disruption Loans. Any change in the Market Disruption Rate shall be effective as of the opening of business on the effective day of any change in the relevant component of the Market Disruption Rate. Notwithstanding the foregoing, if the “Market Disruption Rate” as determined in accordance with the immediately preceding sentences is less than the percentage specified in the proviso of the definition of “Adjusted LIBOR Rate,” then for all purposes of this Agreement and the other Loan Documents, the “Market Disruption Rate” (including for Revolving Loans) shall be deemed equal to such percentage for such Interest Period.

“ **Material Adverse Effect** ” shall mean (a) a material adverse effect on the business, property, results of operations, or financial condition of Borrower and its Subsidiaries, taken as a whole; (b) material impairment of the ability of the Loan Parties to fully and timely perform any of their payment obligations under any Loan Document; (c) material impairment of the rights of or benefits or remedies available to the Lenders or the Collateral Agent under any Loan Document; or (d) a material adverse effect on the Collateral or the Liens in favor of the Collateral Agent (for its benefit and for the benefit of the other Secured Parties) on the Collateral or the priority of such Liens.

“ **Material Borrowed Indebtedness** ” shall have the meaning assigned to such term in Section 6.10(a).

“ **Maximum Rate** ” shall have the meaning assigned to such term in Section 10.14.

“ **Minimum Domestic Percentage Test** ” shall mean that, as of the end of the most recently completed fiscal quarter of Borrower for which financial statements shall have been delivered pursuant to Section 5.01(a) or (b), on a Pro Forma Basis, the Domestic EBITDA Percentage is at least 66 2/3%.

“ **MNPI** ” shall have the meaning assigned to such term in Section 10.01(d).

“ **Moody's** ” shall mean Moody's Investors Service Inc.

“ **Mortgage** ” shall mean an agreement, including, but not limited to, a mortgage, deed of trust or any other document, creating and evidencing a Lien on a Mortgaged Property, which shall be in a form reasonably satisfactory to the Collateral Agent, in each case, with such schedules and including such provisions as shall be necessary to conform such document to applicable local or as shall be customary under applicable local law.

“ **Mortgaged Property** ” shall mean each Real Property, if any, which shall be subject to a Mortgage delivered after the Closing Date pursuant to Section 5.10(c).

“ **Multiemployer Plan** ” shall mean a multiemployer plan within the meaning of Section 4001(a)(3) or Section 3(37) of ERISA (a) to which any Loan Party or any ERISA Affiliate is then making or accruing an obligation to make contributions; (b) to which any Loan Party or any ERISA Affiliate has within the preceding five plan years made, or had any obligation to make, contributions; or (c) with respect to which any Loan Party or any of its ERISA Affiliates could incur liability.

“ **Net Cash Proceeds** ” shall mean:

(a) with respect to any Asset Sale (other than any issuance or sale of Equity Interests), the cash proceeds received by Borrower or any of its Subsidiaries (including cash proceeds subsequently received (as and when received by Borrower or any of its Subsidiaries) in respect of non-cash consideration initially received) net of (i) selling expenses (including reasonable brokers’ fees or commissions, legal, accounting and other professional and transactional fees, transfer and similar taxes and Borrower’s good faith estimate of income taxes actually paid or currently payable in connection with such sale); (ii) amounts provided as a reserve, in accordance with GAAP, against (x) any liabilities under any indemnification obligations associated with such Asset Sale or (y) any other liabilities retained by Borrower or any of its Subsidiaries associated with the properties sold in such Asset Sale ( *provided* that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); (iii) Borrower’s good faith estimate of payments required to be made with respect to unassumed liabilities relating to the properties sold ( *provided* that, to the extent such cash proceeds are not used to make payments in respect of such unassumed liabilities, such cash proceeds shall constitute Net Cash Proceeds); (iv) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness which is secured by a Lien on the properties sold in such Asset Sale (so long as such Lien was permitted to encumber such properties under the Loan Documents at the time of such sale) and which is repaid with such proceeds, (v) in the case of any such cash proceeds received (or subsequently received) by any Foreign Subsidiary, any taxes that would be payable in connection with the repatriation of such cash proceeds to Borrower or any Subsidiary Guarantor; and (vi) in the case of any such cash proceeds received (or subsequently received) by any Subsidiary that is not a Wholly-Owned Subsidiary, the portion of such proceeds allocable to the holders (other than Borrower and its Subsidiaries) of Equity Interests in such Subsidiary or any intermediate Subsidiary that is not a Wholly-Owned Subsidiary;

(b) with respect to any Debt Issuance or any issuance or sale of Equity Interests by Borrower or any of its Subsidiaries, the cash proceeds thereof, net of (i) fees, commissions, costs and other expenses incurred in connection therewith, (ii) in the case of any such cash proceeds received by any Foreign Subsidiary, any taxes that would be payable in connection with the repatriation of such cash proceeds to Borrower or any Subsidiary Guarantor and (iii) in the case of any such cash proceeds received by any Subsidiary that is not a Wholly-Owned Subsidiary, the portion of such proceeds allocable to the holders (other than Borrower and its Subsidiaries) of Equity Interests in such Subsidiary or any intermediate Subsidiary that is not a Wholly-Owned Subsidiary; and

(c) with respect to any Casualty Event, the cash insurance proceeds, condemnation awards and other compensation received in respect thereof, net of (i) all reasonable costs and expenses incurred in connection with the collection of such proceeds, awards or other compensation in respect of such Casualty Event, (ii) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness which is secured by a Lien on the property subject to such Casualty Event (so long as such Lien was permitted to encumber such property under the Loan Documents at the time of such Casualty Event) and which is repaid with such cash proceeds, awards or other compensation, (iii) in the case of any such cash proceeds, awards or other compensation received by any Foreign Subsidiary, any taxes that would be payable in connection with the repatriation of such cash proceeds, awards or other compensation to Borrower or any Subsidiary Guarantor and (vi) in the case of any such cash proceeds, awards or other compensation received by any Subsidiary that is not a Wholly-Owned Subsidiary, the portion of such proceeds allocable to the holders (other than Borrower and its Subsidiaries) of



Equity Interests in such Subsidiary or any intermediate Subsidiary that is not a Wholly-Owned Subsidiary.

“ **Net Secured Total Leverage Ratio** ” shall mean, at any date of determination, the ratio of (i) Consolidated Indebtedness that is secured on such date *minus* unrestricted and unencumbered cash and Cash Equivalents of the Borrower and its Subsidiaries to (ii) Consolidated EBITDA for the Test Period then most recently ended.

“ **Notes** ” shall mean any notes evidencing the Term Loans, Revolving Loans or Swingline Loans issued pursuant to this Agreement, if any, substantially in the form of Exhibit H-1, H-2 or H-3.

“ **Notice Office** ” shall mean the office of the Administrative Agent at 4th Floor, 20 King Street West, Toronto, Ontario, M5 H 1C4, Attn.: Manager, Agency Services Group (Facsimile 416-842-4023) or such other office as the Administrative Agent may designate to Borrower from time to time.

“ **Obligation Currency** ” shall have the meaning assigned to such term in Section 10.17(a).

“ **Obligations** ” shall mean (a) obligations of Borrower and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by Borrower and the other Loan Parties under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of Reimbursement Obligations, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of Borrower and the other Loan Parties under this Agreement and the other Loan Documents, and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of Borrower and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents.

“ **OFAC** ” shall have the meaning set forth in the definition of “ **Embargoed Person** .”

“ **Officers’ Certificate** ” shall mean a certificate executed by the chairman of the Board of Directors (if an officer), the chief executive officer, the president or one of the Financial Officers, each in his or her official (and not individual) capacity.

“ **OID** ” shall have the meaning assigned to such term in Section 2.20(c)(v).

“ **Organizational Documents** ” shall mean, with respect to any person, (i) in the case of any corporation, the articles or certificate of incorporation and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such person, (iii) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such person and (v) in any other case, the functional equivalent of the foregoing.

“ **Other Taxes** ” shall mean all present or future stamp, court, documentary, intangible, recording, filing or other similar taxes, charges or levies arising from any payment made hereunder or



under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document (and any interest, additions to tax or penalties applicable thereto).

“ **Participant** ” shall have the meaning assigned to such term in Section 10.04(d).

“ **Participant Register** ” shall have the meaning assigned to such term in Section 10.04(d).

“ **Participating Member States** ” shall mean the member states of the European Community that adopt or have adopted the euro as their lawful currency in accordance with the legislation of the European Union relating to European Monetary Union.

“ **PBGC** ” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“ **Perfection Certificate** ” shall mean a certificate in the form of Exhibit I-1 or any other form approved by the Collateral Agent, updating and supplementing the Perfection Certificate, dated November 9, 2012 and delivered under the Existing Credit Agreement and the Security Agreement, as the same shall be supplemented from time to time by a Perfection Certificate Supplement or otherwise.

“ **Perfection Certificate Supplement** ” shall mean a certificate supplement in the form of Exhibit I-2 or any other form approved by the Collateral Agent.

“ **Permitted Acquisition** ” shall mean any transaction for the (a) acquisition of all or substantially all of the property of any person, or of any business or division of any person; or (b) acquisition (including by merger or consolidation) of the Equity Interests of any person that becomes a Subsidiary after giving effect to such transaction; *provided* that each of the following conditions shall be met:

(i) no Event of Default exists at the earlier of (x) the time of the execution and delivery of the purchase agreement therefor and (y) the consummation thereof, or would then result therefrom;

(ii) at the earlier of (x) the time of the execution and delivery of the purchase agreement therefor and (y) the consummation thereof, in each case after giving effect to such transaction on a Pro Forma Basis, (A) Borrower shall be in compliance with the covenants set forth in Sections 6.09 (a) and (b) as of the end of the most recently completed Test Period (with the ratios required by the covenants set forth in Sections 6.09(a) and (b) each being deemed for this purpose to be 0.25 less than the ratios set forth therein), (B) the Minimum Domestic Percentage Test shall be satisfied and (C) Borrower and its Subsidiaries shall have unrestricted cash and Cash Equivalents and unused availability under the Revolving Commitments of at least \$50.0 million in the aggregate;

(iii) the person or business to be acquired shall be, or shall be engaged in, a business of the type that Borrower and the Subsidiaries are permitted to be engaged in under Section 6.13;

(iv) in the case of an acquisition of a person whose Equity Interests are publicly listed, the Board of Directors of such person shall not have indicated publicly its opposition to the consummation of such acquisition (which opposition has not been publicly withdrawn);

(v) all transactions in connection therewith shall be consummated in accordance with all applicable material Requirements of Law as reasonably determined by Borrower; and

(vi) with respect to any transaction involving Acquisition Consideration of more than \$30.0 million, by the earlier of (x) the third Business Day after the execution and delivery of the purchase agreement therefor and (y) five Business Days prior to the proposed date of consummation of the transaction, Borrower shall have delivered to the Agents and the Lenders an Officers' Certificate certifying that such transaction complies with this definition (which shall have attached thereto reasonably detailed backup data and calculations showing such compliance).

“ **Permitted Liens** ” shall have the meaning assigned to such term in Section 6.02.

“ **person** ” shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“ **Plan** ” shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA which is maintained or contributed to by any Loan Party or any of its ERISA Affiliates or with respect to which any Loan Party or its ERISA Affiliates could incur liability (including under Sections 4062 or 4069 of ERISA).

“ **Platform** ” shall have the meaning assigned to such term in Section 10.01(c).

“ **pounds** ,” “ **GBP** ” or “ **£** ” shall mean lawful money of the United Kingdom.

“ **Preferred Stock Issuance** ” shall mean the issuance or sale by Borrower or any of its Subsidiaries of any Disqualified Capital Stock after the Closing Date.

“ **Private Siders** ” shall have the meaning assigned to such term in Section 10.01(d).

“ **Pro Forma Basis** ” shall mean on a basis in accordance with GAAP and Regulation S-X or otherwise reasonably satisfactory to the Administrative Agent.

“ **Pro Rata Percentage** ” of any Revolving Lender at any time shall mean the percentage of the total Revolving Commitments of all Revolving Lenders represented by such Lender's Revolving Commitment; *provided* that for purposes of Section 2.19(b) and (c), “Pro Rata Percentage” shall mean the percentage of the total Revolving Commitments (disregarding the Revolving Commitment of any Defaulting Lender to the extent its Swingline Exposure or LC Exposure is reallocated to the non-Defaulting Lenders) represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Pro Rata Percentage shall be determined based upon the Revolving Commitments most recently in effect, after giving effect to any assignments.

“ **property** ” shall mean any right, title or interest in or to property or assets of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible and including Equity Interests or other ownership interests of any person and whether now in existence or owned or hereafter entered into or acquired, including all Real Property.

“ **Public Side Communications** ” shall have the meaning assigned to such term in Section 10.01(d).

“ **Public Siders** ” shall have the meaning assigned to such term in Section 10.01(d).

“ **Purchase Money Obligation** ” shall mean, for any person, the obligations of such person in respect of Indebtedness (including Capital Lease Obligations) incurred for the purpose of financing all or any part of the development, construction, purchase or lease of any property (including Equity Interests of any person) or the cost of installation, construction or improvement of any property and any refinancing thereof; *provided, however*, that (i) such Indebtedness is incurred within one year after such acquisition, installation, construction or improvement of such property by such person and (ii) the amount of such Indebtedness does not exceed 100% of the cost of such acquisition, installation, construction or improvement, as the case may be.

“ **Qualified Capital Stock** ” of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

“ **Real Property** ” shall mean, collectively, all right, title and interest (including any leasehold, mineral or other estate) in and to any and all parcels of or interests in real property owned, leased or operated by any person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

“ **Refinanced Term Loans** ” shall have the meaning assigned to such term in Section 10.02(e).

“ **Register** ” shall have the meaning assigned to such term in Section 10.04(c).

“ **Regulation D** ” shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“ **Regulation S-X** ” shall mean Regulation S-X promulgated under the Securities Act.

“ **Regulation U** ” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“ **Regulation X** ” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“ **Reimbursement Obligations** ” shall mean Borrower’s obligations under Section 2.18(e) to reimburse LC Disbursements.

“ **Related Parties** ” shall mean, with respect to any person, such person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such person and of such person’s Affiliates.

“ **Release** ” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Material in, into, onto or through the Environment.

“ **Released Guarantor** ” shall have the meaning assigned to such term in Section 7.09.

“ **Relevant Currency Equivalent** ” shall mean the Dollar Equivalent or each Alternate Currency Equivalent, as applicable.

“ **Replacement Term Loans** ” shall have the meaning assigned to such term in Section 10.02(e).

“ **Required Class Lenders** ” shall mean (i) with respect to Term Loans, Lenders having more than 50% of all Term Loans outstanding and (ii) with respect to Revolving Loans, Required Revolving Lenders.

“ **Required Lenders** ” shall mean Lenders having more than 50% of the sum of all Loans outstanding, LC Exposure and unused Commitments; *provided* that the Loans, LC Exposure and unused Commitments held or deemed held by any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“ **Required Revolving Lenders** ” shall mean Lenders having more than 50% of all Revolving Commitments or, after the Revolving Commitments have terminated, more than 50% of all Revolving Exposure; *provided* that the Revolving Commitments held by any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

“ **Requirements of Law** ” shall mean, collectively, any and all applicable requirements of any Governmental Authority including any and all laws, treaties, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes or case law.

“ **Response** ” shall mean (a) “response” as such term is defined in CERCLA, 42 U.S.C. § 9601(24), and (b) all other actions required by any Governmental Authority or voluntarily undertaken to (i) clean up, remove, treat, abate or in any other way address any Hazardous Material in the Environment; (ii) prevent the Release or threat of Release, or minimize the further Release, of any Hazardous Material; or (iii) perform studies and investigations in connection with, or as a precondition to, or to determine the necessity of the activities described in, clause (i) or (ii) above.

“ **Responsible Officer** ” of any person shall mean any executive officer or Financial Officer of such person and any other officer or similar official thereof with responsibility for the administration of the obligations of such person in respect of this Agreement.

“ **Revolving Availability Period** ” shall mean the period from and including the Closing Date to but excluding the earlier of (i) the Business Day preceding the Revolving Maturity Date and (ii) the date of termination of the Revolving Commitments.

“ **Revolving Borrowing** ” shall mean a Borrowing comprised of Revolving Loans.

“ **Revolving Commitment** ” shall mean, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans hereunder up to the amount set forth on Schedule 1.01(b) or by an Increase Joinder, or in the Assignment and Assumption pursuant to which such Lender assumed its Revolving Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.07 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The aggregate amount of the Lenders’ Revolving Commitments on the Closing Date is \$200.0 million.

“ **Revolving Exposure** ” shall mean, with respect to any Lender at any time, the Dollar Equivalent of the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender, *plus* the Dollar Equivalent of the aggregate amount at such time of such Lender’s LC Exposure, *plus* the Dollar Equivalent of the aggregate amount at such time of such Lender’s Swingline Exposure.

“ **Revolving Lender** ” shall mean a Lender with a Revolving Commitment.

“ **Revolving Loan** ” shall mean a Loan made by the Lenders to Borrower pursuant to Section 2.01(b). Each Revolving Loan shall either be an ABR Revolving Loan or a Eurocurrency Revolving Loan.

“ **Revolving Maturity Date** ” shall mean February 3, 2020.

“ **Sale and Leaseback Transaction** ” has the meaning assigned to such term in Section 6.03.

“ **S&P** ” shall mean Standard & Poor’s Financial Services LLC.

“ **Secured Obligations** ” shall mean (a) the Obligations, (b) the due and punctual payment and performance of all obligations of Borrower and the other Loan Parties under each Hedging Agreement entered into with any counterparty that is a Secured Party and (c) the due and punctual payment and performance of all obligations of Borrower and the other Loan Parties (including overdrafts and related liabilities) under each Treasury Services Agreement entered into with any counterparty that is a Secured Party.

“ **Secured Parties** ” shall mean, collectively, the Administrative Agent, the Collateral Agent, each other Agent, the Lenders and each counterparty to a Hedging Agreement or Treasury Services Agreement if at the date of entering into such Hedging Agreement or Treasury Services Agreement such person was an Agent or a Lender or an Affiliate of an Agent or a Lender and such person (if such person is an Affiliate of an Agent or a Lender) executes and delivers to the Administrative Agent a letter agreement in form and substance acceptable to the Administrative Agent pursuant to which such person (i) appoints the Collateral Agent as its agent under the applicable Loan Documents and (ii) agrees to be bound by the provisions of Sections 9.03, 10.03 and 10.09 as if it were a Lender.

“ **Securities Act** ” shall mean the Securities Act of 1933.

“ **Securities Collateral** ” shall have the meaning assigned to such term in the Security Agreement.

“ **Security Agreement** ” shall mean a Security Agreement, dated as of November 9, 2012, among the Loan Parties and Collateral Agent for the benefit of the Secured Parties.

“ **Security Agreement Collateral** ” shall mean all property pledged or granted as collateral pursuant to the Security Agreement (a) on the Closing Date or (b) thereafter pursuant to Section 5.10.

“ **Security Documents** ” shall mean the Security Agreement, the English Share Charge, the Mortgages, if any, and each other security document or pledge agreement delivered in accordance with applicable local or foreign law to grant a valid, perfected security interest in any property as collateral for the Secured Obligations and any other document or instrument utilized to pledge or grant or purport to pledge or grant a security interest or lien on any property as collateral for the Secured Obligations.

“ **Specified Representations** ” shall mean the representations and warranties of each Loan Party set forth in Section 3.01, Section 3.02, Section 3.03, Section 3.10, Section 3.11, Section 3.12 (with respect to any Incremental Loans at the time such Specified Representations are being made), Section 3.15, Section 3.19, Section 3.20 and Section 3.21.

“ **Spot Rate** ” shall mean the rate determined by the Administrative Agent to be the rate quoted by it as the spot rate for the purchase by it of the relevant Alternate Currency with dollars through its principal foreign exchange trading office at approximately 11:00 a.m. London time on the date as of which the foreign exchange computation is made.

“ **Statutory Reserves** ” shall mean (a) for any Interest Period for any Eurocurrency Borrowing in dollars, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the United States Federal Reserve System in New York City with deposits exceeding one billion dollars against “Eurocurrency liabilities” (as such term is used in Regulation D), (b) for any Interest Period for any portion of a Borrowing in pounds, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves), if any, are in effect on such day for funding in pounds maintained by commercial banks which lend in pounds or (c) for any Interest Period for any portion of a Borrowing in euros, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves), if any, are in effect on such day for funding in euros maintained by commercial banks which lend in euros. Eurocurrency Borrowings shall be deemed to constitute Eurocurrency liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to any Lender under Regulation D.

“ **Subsidiary** ” shall mean, with respect to any person (the “ **parent** ”) at any date, (i) any person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, (ii) any other corporation, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent, (iii) any partnership (a) the sole general partner or the managing general partner of which is the parent and/or one or more subsidiaries of the parent or (b) the only general partners of which are the parent and/or one or more subsidiaries of the parent and (iv) any other person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent. Unless the context requires otherwise, “Subsidiary” refers to a Subsidiary of Borrower.

“ **Subsidiary Guarantor** ” shall mean each Subsidiary listed on Schedule 1.01(a), and each other Subsidiary that is or becomes a party to this Agreement pursuant to Section 5.10.

“ **Swingline Commitment** ” shall mean the commitment of the Swingline Lender to make loans pursuant to Section 2.17, as the same may be reduced from time to time pursuant to Section 2.07 or Section 2.17. The amount of the Swingline Commitment shall initially be \$10.0 million, but shall in no event exceed the Revolving Commitment.

“ **Swingline Exposure** ” shall mean at any time the aggregate principal amount at such time of all outstanding Swingline Loans. The Swingline Exposure of any Revolving Lender at any time shall equal its Pro Rata Percentage of the aggregate Swingline Exposure at such time.

“ **Swingline Lender** ” shall have the meaning assigned to such term in the preamble hereto.

“ **Swingline Loan** ” shall mean any loan made by the Swingline Lender pursuant to Section 2.17.

“**Syndication Agent**” shall have the meaning assigned to such term in the preamble hereto.

“**Tax Return**” shall mean all returns, statements, filings, attachments and other documents or certifications required to be filed in respect of Taxes.

“**Taxes**” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term Borrowing**” shall mean a Borrowing comprised of Term Loans.

“**Term Loan Commitment**” shall mean, with respect to each Lender, the commitment, if any, of such Lender to make a Term Loan hereunder on the Closing Date in the amount set forth on Section 1.01(b), or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Term Loan Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.07 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The aggregate amount of the Lenders’ Term Loan Commitments is \$150.0 million.

“**Term Loan Lender**” shall mean a Lender with a Term Loan Commitment or an outstanding Term Loan.

“**Term Loan Maturity Date**” shall mean February 3, 2020.

“**Term Loans**” shall mean the term loans made by the Lenders to Borrower pursuant to Section 2.01(a) or by an Increase Joinder. Each Term Loan shall be either an ABR Term Loan or a Eurocurrency Term Loan.

“**Term Percentage**” shall mean as to any Term Loan Lender at any time, the percentage which such Lender’s Term Loan Commitment then constitutes of the aggregate Term Loan Commitments (or, at any time after the Closing Date, the percentage which the aggregate principal amount of such Lender’s Term Loans then outstanding constitutes of the aggregate principal amount of the Term Loans then outstanding).

A “**Test Period**” at any time shall mean the period of four consecutive fiscal quarters of Borrower ended on or prior to such time (taken as one accounting period).

“**Total Assets**” shall mean the total assets of Borrower and its Subsidiaries on a consolidated basis, as shown on the most recent balance sheet of Borrower delivered pursuant to Section 5.01(a) or (b) or, for the period prior to the time any such statements are so delivered pursuant to Section 5.01(a) or (b), the financial statements referred to in the first sentence of Section 3.04(a).

“**Total Leverage Ratio**” shall mean, at any date of determination, the ratio of Consolidated Indebtedness on such date to Consolidated EBITDA for the Test Period then most recently ended.

“**Treasury Services Agreement**” shall mean any agreement relating to treasury, depository and cash management services (including, without limitation, purchasing cards, travel and entertainment cards and related services) or automated clearinghouse transfer of funds.

“**Type**,” when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBOR Rate or the Alternate Base Rate.

“**UCC**” shall mean the Uniform Commercial Code as in effect from time to time (except as otherwise specified) in any applicable state or jurisdiction.

“**United States**” shall mean the United States of America.

“**USA PATRIOT Act**” shall have the meaning set forth in the definition of “**Anti-Terrorism Laws**.”

“**Voting Stock**” shall mean, with respect to any person, any class or classes of Equity Interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such person.

“**Wholly Owned Subsidiary**” shall mean, as to any person, (a) any corporation 100% of whose capital stock (other than directors’ qualifying shares) is at the time owned by such person and/or one or more Wholly Owned Subsidiaries of such person and (b) any partnership, association, joint venture, limited liability company or other entity in which such person and/or one or more Wholly Owned Subsidiaries of such person have a 100% equity interest at such time.

“**Withdrawal Liability**” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“**Withholding Agent**” shall mean any Loan Party and the Administrative Agent.

### **SECTION 1.02**

### **Classification of Loans and Borrowings**

For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, a “Revolving Loan”) or by Type (*e.g.*, a “Eurocurrency Loan”) or by Class and Type (*e.g.*, a “Eurocurrency Revolving Loan”). Borrowings also may be classified and referred to by Class (*e.g.*, a “Revolving Borrowing,” “Borrowing of Term Loans”) or by Type (*e.g.*, a “Eurocurrency Borrowing”) or by Class and Type (*e.g.*, a “Eurocurrency Revolving Borrowing”).

### **SECTION 1.03**

### **Terms Generally**

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any Loan Document, agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any person shall be construed to include such person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall refer to such law or regulation as amended, modified or supplemented from time to



time, (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (g) “on,” when used with respect to the Mortgaged Property or any property adjacent to the Mortgaged Property, means “on, in, under, above or about.”

#### **SECTION 1.04**

#### **Accounting Terms; GAAP.**

Except as otherwise expressly provided herein, all financial statements to be delivered pursuant to this Agreement shall be prepared, and all terms of an accounting or financial nature shall be construed and interpreted, in accordance with GAAP as in effect from time to time; *provided* that, (i) notwithstanding anything to the contrary herein, all accounting or financial terms used herein shall be construed, and all financial computations pursuant hereto shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar effect) to value any Indebtedness or other liabilities of any Group Member at “fair value”, as defined therein and (ii) if Borrower notifies the Administrative Agent that Borrower requests an amendment of any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP, in the application thereof or in the accounting policies or reporting practices of Borrower (or if the Administrative Agent notifies Borrower that the Required Lenders request an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP, in the application thereof or in any such policies or practices, then such provision shall be applied on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

#### **SECTION 1.05**

#### **Resolution of Drafting Ambiguities.**

Each Loan Party acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of the Loan Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof and thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

### **ARTICLE II**

#### **THE CREDITS**

#### **SECTION 2.01**

#### **Commitments.**

Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly:

- (a) to make a Term Loan denominated in dollars to Borrower on the Closing Date in the principal amount not to exceed its Term Loan Commitment; and
- (b) to make Revolving Loans denominated in any Approved Currency to Borrower, at any time and from time to time on or after the Closing Date until the earlier of the Revolving Maturity Date and the termination of the Revolving Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Lender’s Revolving Exposure exceeding such Lender’s Revolving Commitment; *provided* that the aggregate principal amount of Revolving Loans denominated in Alternate Currencies shall not exceed the Dollar Equivalent of \$25.0 million at any time outstanding.

Amounts paid or prepaid in respect of Term Loans may not be reborrowed. Within the limits set forth in clause (b) above and subject to the terms, conditions and limitations set forth herein, Borrower may borrow, pay or prepay and reborrow Revolving Loans.

## SECTION 2.02

### Loans.

(a) Each Loan (other than Swingline Loans) shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Commitments; *provided* that the failure of any Lender to make its Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Except for Loans made pursuant to Section 2.18(e)(i), (x) ABR Loans comprising any Borrowing shall be in an aggregate principal amount that is (i) an integral multiple of \$1.0 million or (ii) equal to the remaining available balance of the applicable Commitments and (y) (A) the Eurocurrency Loans comprising any Borrowing denominated in dollars shall be in an aggregate principal amount that is (i) an integral multiple of \$1.0 million or (ii) equal to the remaining available balance of the applicable Commitments; (B) the Eurocurrency Loans comprising any Borrowing denominated in euro shall be in an aggregate principal amount that is (i) an integral multiple of €1.0 million or (ii) equal to the remaining available balance of the applicable Commitments or, if less, the available balance of Revolving Loans in an Alternate Currency pursuant to clause (ii) of Section 2.01(b); (C) the Eurocurrency Loans comprising any Borrowing denominated in pounds shall be in an aggregate principal amount that is (i) an integral multiple of £1.0 million or (ii) equal to the remaining available balance of the applicable Commitments or, if less, the available balance of Revolving Loans in an Alternate Currency pursuant to clause (ii) of Section 2.01(b); (D) the Eurocurrency Loans comprising any Borrowing denominated in Australian dollars shall be in an aggregate principal amount that is (i) an integral multiple of A\$1.0 million or (ii) equal to the remaining available balance of the applicable Commitments or, if less, the available balance of Revolving Loans in an Alternate Currency pursuant to clause (ii) of Section 2.01(b); and (E) the Eurocurrency Loans comprising any Borrowing denominated in any other Alternate Currency shall be in an aggregate principal amount that is (i) an integral multiple of the number of units of such Alternate Currency as is agreed by Borrower and the Administrative Agent at the time consent is granted that such Alternate Currency shall be an Alternate Currency or (ii) equal to the remaining available balance of the applicable Commitments or, if less, the available balance of Revolving Loans in an Alternate Currency pursuant to clause (ii) of Section 2.01(b).

(b) Subject to Sections 2.11 and 2.12, each Borrowing (other than of Swingline Loans) shall be comprised entirely of ABR Loans or Eurocurrency Loans as Borrower may request pursuant to Section 2.03. Each Lender may at its option make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; *provided* that Borrower shall not be entitled to request any Borrowing that, if made, would result in more than ten Eurocurrency Borrowings being outstanding hereunder at any one time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Except with respect to Loans deemed made pursuant to Section 2.18(e)(ii), each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate, not later than 12:00 (noon), New York City time (or, in the case of a Revolving Loan in an Alternate Currency, to such account in London as the Administrative Agent may designate, not later than 12:00 (noon), London time), and the Administrative Agent shall promptly credit the amounts so received

to an account as directed by Borrower in the applicable Borrowing Request acceptable to the Administrative Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date (in the case of any Eurocurrency Borrowing), or at least 2 hours prior to the time (in the case of any ABR Borrowing), of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent at the time of such Borrowing in accordance with paragraph (c) above, and the Administrative Agent may, in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available, then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and Borrower severally agrees to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and, in the case of a Borrowing in dollars, if greater, the Federal Funds Effective Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement, and Borrower's obligation to repay the Administrative Agent such corresponding amount pursuant to this Section 2.02(d) shall cease.

(e) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, Term Loan Maturity Date, or Incremental Term Loan Maturity Date, as applicable.

### **SECTION 2.03**

### **Borrowing Procedure**

To request Loans, Borrower shall deliver, by hand delivery or telecopier, a duly completed and executed Borrowing Request to the Administrative Agent (i) in the case of Eurocurrency Loans in dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing, (ii) in the case of Eurocurrency Loans in an Alternate Currency, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed borrowing or (iii) in the case of ABR Loans, not later than 10:00 a.m., New York City time, (A) on the date of the proposed borrowing if the proposed borrowing is in an aggregate amount equal to or less than \$20.0 million and (B) one Business Day before the date of the proposed borrowing if the proposed borrowing is in an aggregate amount in excess of \$20.0 million. Each Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

- (a) whether the requested borrowing is to be a borrowing of Revolving Loans, or Term Loans;
- (b) the aggregate amount of such borrowing;
- (c) the date of such borrowing, which shall be a Business Day;
- (d) whether such borrowing is to be for ABR Loans or Eurocurrency Loans;

(e) in the case of Eurocurrency Loans, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”;

(f) the location and number of Borrower’s account to which funds are to be disbursed, which shall comply with the requirements of Section 2.02(c);

(g) that the conditions set forth in Sections 4.02(b)-(d) have been satisfied as of the date of the notice; and

(h) in the case of Eurocurrency Loans in an Alternate Currency, the Alternate Currency for such Loans.

If no election as to the Type of Loans is specified for Loans in dollars, then the requested borrowing shall be for ABR Loans. If no Interest Period is specified with respect to any requested Eurocurrency Loan, then Borrower shall be deemed to have selected an Interest Period of three month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each applicable Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

#### **SECTION 2.04**

#### **Evidence of Debt; Repayment of Loans .**

(a) Promise to Repay. Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Term Loan Lender, the principal amount of each Term Loan of such Term Loan Lender as provided in Section 2.09, (ii) to the Administrative Agent for the account of each Revolving Lender, the then unpaid principal amount of each Revolving Loan of such Revolving Lender on the Revolving Maturity Date and (iii) to the Swingline Lender, the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15<sup>th</sup> or last day of a calendar month and is at least two Business Days after each Swingline Loan is made. All payments or repayments of Loans made pursuant to this Section 2.04(a) shall be made in the Approved Currency in which such Loan is denominated.

(b) Lender and Administrative Agent Records. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain records including (i) the amount and Approved Currency of each Loan made hereunder, the Type and Class thereof and the Interest Period applicable thereto; (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder; and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender’s share thereof. The entries made in the records maintained by the Administrative Agent and each Lender pursuant to this paragraph shall be *prima facie* evidence of the existence and amounts of the obligations therein recorded; *provided* that the failure of any Lender or the Administrative Agent to maintain such records or any error therein shall not in any manner affect the obligations of Borrower to repay the Loans in accordance with their terms. In the event of any conflict between the records maintained by any Lender and the records of the Administrative Agent in respect of such matters, the records of the Administrative Agent shall control in the absence of manifest error.

(c) Promissory Notes. Any Lender by written notice to Borrower (with a copy to the Administrative Agent) may request that Loans of any Class made by it be evidenced by a promissory note. In such event, Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered

assigns) in the form of Exhibit H-1, H-2 or H-3, as the case may be. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

## SECTION 2.05

## Fees.

(a) Commitment Fee. Borrower agrees to pay to the Administrative Agent for the account of each Lender (other than any Defaulting Lender as long as it is a Defaulting Lender) a commitment fee (a “**Commitment Fee**”) in an amount computed on a daily basis equal to (i) the Applicable Commitment Fee Rate per annum then in effect, times (ii) the daily unused amount of the Revolving Commitment of such Lender then in effect, during the period from and including the Closing Date to but excluding the date on which such Revolving Commitment terminates. Accrued Commitment Fees shall be payable in arrears (A) on the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the Closing Date, and (B) on the date on which such Commitment terminates. Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing Commitment Fees, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) Agent Fees. Borrower agrees to pay to the Administrative Agent the fees payable in the amounts and at the times separately agreed upon among Borrower and the Administrative Agent (the “**Agent Fees**”).

(c) LC and Fronting Fees. Borrower agrees to pay (i) to the Administrative Agent for the account (subject to Section 2.20(b)) of each Revolving Lender a participation fee (“**LC Participation Fee**”) with respect to its participations in Letters of Credit, which shall accrue at a rate equal to the Applicable Margin from time to time used to determine the interest rate on Eurocurrency Revolving Loans pursuant to Section 2.06 on the average daily amount of such Lender’s LC Exposure (excluding any portion thereof attributable to Reimbursement Obligations) during the period from and including the Closing Date to but excluding the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee (“**Fronting Fee**”), which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure ( *provided* that any LC Exposure attributable to a Letter of Credit denominated in dollars in an initial amount less than \$50,000 or a Letter of Credit denominated in an Alternate Currency in an initial amount less than the Dollar Equivalent of \$50,000 shall be deemed to be \$50,000 or the Dollar Equivalent of \$50,000, as applicable, for purposes of this clause (ii)) (excluding any portion thereof attributable to Reimbursement Obligations) during the period from and including the Closing Date to but excluding the date on which there ceases to be any LC Exposure, as well as the Issuing Bank’s customary fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Accrued LC Participation Fees and Fronting Fees shall be payable in arrears (i) on the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the Closing Date, and (ii) on the date on which the Revolving Commitments terminate and on any date thereafter on which there ceases to be any LC Exposure. Any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand therefor. All LC Participation Fees and Fronting Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) All Fees shall be paid on the dates due, in immediately available funds in dollars, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Borrower shall pay the Fronting Fees directly to the Issuing Bank. Once paid, none of the Fees shall be refundable under any circumstances.

## SECTION 2.06

### Interest on Loans.

(a) ABR Loans. Subject to the provisions of Section 2.06(d), the Loans comprising each ABR Borrowing, including each Swingline Loan, shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin in effect from time to time.

(b) Eurocurrency Loans. Subject to the provisions of Section 2.06(d), the Loans comprising each Eurocurrency Borrowing shall bear interest at a rate per annum equal to the Adjusted LIBOR Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin in effect from time to time.

(c) Default Rate. Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall, to the extent permitted by applicable law, bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of amounts constituting principal on any Loan, 2% *plus* the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section 2.06 or (ii) in the case of any other outstanding amount, 2% *plus* (A) the rate applicable to ABR Revolving Loans as provided in Section 2.06(a) or (B) in the case of an overdue amount in an Alternate Currency, the Alternate Currency Base Rate for such Alternate Currency (in the case of either of the foregoing clauses (i) and (ii), the “**Default Rate**”).

(d) Interest Payment Dates. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; *provided* that (i) interest accrued pursuant to Section 2.06(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan or a Swingline Loan without a permanent reduction in Revolving Commitments), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) Interest Calculation. All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate and interest on obligations denominated in pounds shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBOR Rate shall be determined by the Administrative Agent in accordance with the provisions of this Agreement and such determination shall be conclusive absent manifest error.

(f) Currency for Payment of Interest. All interest paid or payable pursuant to this Section 2.06 shall be paid in the Approved Currency in which the Loan, Letter of Credit or other Obligation giving rise to such interest is denominated.

## SECTION 2.07

### Termination and Reduction of Commitments.

(a) Termination of Commitments. The Term Loan Commitments shall automatically terminate at 5:00 p.m., New York City time, on the Closing Date. The Revolving Commitments, the

Swingline Commitment and the LC Commitment shall automatically terminate on the Revolving Maturity Date.

(b) Optional Terminations and Reductions. At its option, Borrower may at any time terminate, or from time to time permanently reduce, the Commitments of any Class; *provided* that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of \$1.0 million and not less than \$5.0 million and (ii) the Revolving Commitments shall not be terminated or reduced if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.10, the aggregate amount of Revolving Exposures would exceed the aggregate amount of Revolving Commitments.

(c) Borrower Notice. Borrower shall notify the Administrative Agent in writing of any election to terminate or reduce Commitments under Section 2.07(b) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section shall be irrevocable; *provided* that a notice of termination or reduction of Commitments delivered by Borrower may state that such notice is conditioned upon the effectiveness of another credit facility or the closing of a securities offering or Asset Sale, in which case such notice may be revoked by Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

## **SECTION 2.08**

### **Interest Elections**

(a) Generally. Each Revolving Borrowing and Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. Borrowings of Alternate Currency Revolving Loans may not be converted to a different Type. Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding anything to the contrary, Borrower shall not be entitled to request any conversion or continuation that, if made, would result in more than ten Eurocurrency Borrowings outstanding hereunder at any one time. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) Interest Election Notice. To make an election pursuant to this Section, Borrower shall deliver, by hand delivery or telecopier, a duly completed and executed Interest Election Request to the Administrative Agent not later than the time that a Borrowing Request would be required under Section 2.03 if Borrower were requesting Loans of the Type resulting from such election to be made on the effective date of such election; *provided*, that if Borrower elects to convert a Borrowing into ABR Loans, Borrower shall deliver the Interest Election Request not later than 10:00 a.m., New York City time, one day prior to the date of the proposed conversion, or, if such request is delivered after 10:00 a.m., New York City time, such conversion shall occur on the second Business Day following the date of the submission of the Interest Election Request. Each Interest Election Request shall be irrevocable. Each Interest Election Request shall specify the following information in compliance with Section 2.02:



(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, or if outstanding Borrowings are being combined, allocation to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; *provided* that no Borrowing denominated in an Alternate Currency shall be an ABR Borrowing;

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) in the case of a Borrowing consisting of Alternate Currency Revolving Loans, the Alternate Currency of such Borrowing.

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of three months' duration.

Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(c) Automatic Conversions and Continuations of Certain Borrowings. If an Interest Election Request with respect to a Eurocurrency Borrowing is not timely delivered prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) if such Borrowing is denominated in dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) if such Borrowing is denominated in an Alternate Currency, such Borrowing shall be continued for an additional Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, the Administrative Agent or the Required Lenders may require, by notice to Borrower, that (x) no outstanding Borrowing in dollars may be converted to or continued as a Eurocurrency Borrowing, (y) unless repaid, each Eurocurrency Borrowing other than a Borrowing of Alternate Currency Loans shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (z) any Alternate Currency Loan shall not be continued with an Interest Period of more than one month.

## **SECTION 2.09**

## **Amortization of Term Borrowings**

The Term Loan of each Term Loan Lender shall be repaid in consecutive quarterly installments on each Amortization Date, each of which installments shall be in an amount equal to such Term Loan Lender's Term Percentage multiplied by the amount (as the same may be reduced on account of prepayments pursuant to Section 2.10(f)) set forth below opposite the date set forth below that is nearest to such Amortization Date, with all outstanding Term Loans being repaid in full on the Term Loan Maturity Date.



<u>Installment</u>	<u>Principal Amount</u>
March 31, 2015	\$1,875,000
June 30, 2015	\$1,875,000
September 30, 2015	\$1,875,000
December 31, 2015	\$1,875,000
March 31, 2016	\$1,875,000
June 30, 2016	\$1,875,000
September 30, 2016	\$1,875,000
December 30, 2016	\$1,875,000
March 31, 2017	\$3,750,000
June 30, 2017	\$3,750,000
September 29, 2017	\$3,750,000
December 29, 2017	\$3,750,000
March 30, 2018	\$5,625,000
June 29, 2018	\$5,625,000
September 28, 2018	\$5,625,000
December 31, 2018	\$5,625,000
March 29, 2019	\$5,625,000
June 28, 2019	\$5,625,000
September 30, 2019	\$5,625,000
December 31, 2019	\$5,625,000

Term Loan Maturity Date Balance of Term Loans Outstanding

## **SECTION 2.10**

## **Optional and Mandatory Prepayments of Loans .**

(a) **Optional Prepayments.** Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, subject to the requirements of this Section 2.10; *provided* that each partial prepayment shall be in an amount that is (i) in the case of any Borrowing of Loans denominated in dollars, an integral multiple of \$1.0 million, (ii) in the case of any Borrowing of Loans denominated in euros, an integral multiple of €1.0 million, (iii) in the case of any Borrowing of Loans denominated in pounds, an integral multiple of £1.0 million, (iv) in the case of any Borrowing of Loans denominated in Australian dollars, an integral multiple of A\$1.0 million, (v) in the case of any Borrowing of Loans denominated in any other Alternate Currency, an integral multiple of the number of units of such Alternate Currency as is agreed by Borrower and the Administrative Agent at the time consent is granted that such Alternate Currency shall be an Alternate Currency or (vi) in any case, the outstanding principal amount of such Borrowing.

(b) Revolving Loan Prepayments.

(i) In the event of the termination of all the Revolving Commitments, Borrower shall, on the date of such termination, repay or prepay all its outstanding Revolving Borrowings and all outstanding Swingline Loans and replace all outstanding Letters of Credit or cash collateralize all outstanding Letters of Credit in accordance with the procedures set forth in Section 2.18(i).

(ii) In the event of any partial reduction of the Revolving Commitments, then (x) at or prior to the effective date of such reduction, the Administrative Agent shall notify Borrower and the Revolving Lenders of the sum of the Revolving Exposures after giving effect thereto and (y) if the sum of the Revolving Exposures would exceed the aggregate amount of Revolving Commitments after giving effect to such reduction, then Borrower shall, on the date of such reduction, *first*, repay or prepay Swingline Loans, *second*, repay or prepay Revolving Borrowings and *third*, replace outstanding Letters of Credit or cash collateralize outstanding Letters of Credit in accordance with the procedures set forth in Section 2.18(i), in an aggregate amount sufficient to eliminate such excess.

(iii) In the event that the sum of all Lenders' Revolving Exposures exceeds the Revolving Commitments then in effect (including on any date on which Dollar Equivalents are determined pursuant to Section 10.16), Borrower shall, without notice or demand, immediately *first*, repay or prepay Swingline Loans, *second*, repay or prepay Revolving Borrowings, and *third*, replace outstanding Letters of Credit or cash collateralize outstanding Letters of Credit in accordance with the procedures set forth in Section 2.18(i), in an aggregate amount sufficient to eliminate such excess.

(iv) In the event that the aggregate LC Exposure exceeds the LC Commitment then in effect (including on any date on which Dollar Equivalents are determined pursuant to Section 10.16), Borrower shall, without notice or demand, immediately replace outstanding Letters of Credit or cash collateralize outstanding Letters of Credit in accordance with the procedures set forth in Section 2.18(i), in an aggregate amount sufficient to eliminate such excess.

(v) In the event that the aggregate Swingline Exposure exceeds the Swingline Commitment then in effect (including on any date on which Dollar Equivalents are determined pursuant to Section 10.16), Borrower shall, without notice or demand, immediately repay or prepay Swingline Loans in an aggregate amount sufficient to eliminate such excess.

(c) Asset Sales. Not later than five (or in the case of any Asset Sale by a Foreign Subsidiary, ten) Business Days following the receipt of any Net Cash Proceeds of any Asset Sale by Borrower or any of its Subsidiaries, Borrower shall make prepayments in accordance with Sections 2.10(f) and (g) in an aggregate amount equal to 100% of such Net Cash Proceeds; *provided* that:

(i) no such prepayment shall be required under this Section 2.10(c) with respect to (A) any Asset Sale permitted by Sections 6.06(a) and 6.06(g), (B) the disposition of property which constitutes a Casualty Event, or (C) Asset Sales resulting in no more than \$10 million in Net Cash Proceeds per Asset Sale (or series of related Asset Sales); and

(ii) so long as no Event of Default shall then exist or would arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such Net Cash Proceeds are expected to be reinvested in Capital Assets or a Permitted

Acquisition within 12 months following the date of such Asset Sale (which Officers' Certificate shall set forth the estimates of the proceeds to be so expended); *provided* that if all or any portion of such Net Cash Proceeds is not so reinvested within such 12-month period, such unused portion shall be applied on the last day of such period as a mandatory prepayment as provided in this Section 2.10(c).

(d) Debt Issuance or Preferred Stock Issuance. Not later than one (or in the case of any Debt Issuance or Preferred Stock Issuance by a Foreign Subsidiary, five) Business Day following the receipt of any Net Cash Proceeds of any Debt Issuance or Preferred Stock Issuance by Borrower or any of its Subsidiaries, Borrower shall make prepayments in accordance with Sections 2.10(f) and (g) in an aggregate amount equal to 100% of such Net Cash Proceeds.

(e) Casualty Events. Not later than ten Business Days following the receipt of any Net Cash Proceeds from a Casualty Event by Borrower or any of its Subsidiaries (other than any Casualty Event resulting in Net Cash Proceeds of less than \$2.5 million), Borrower shall make prepayments in accordance with Sections 2.10(f) and (g) in an aggregate amount equal to 100% of such Net Cash Proceeds; *provided* that:

(i) so long as no Event of Default shall then exist or arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such proceeds are expected to be used to repair, replace or restore any property in respect of which such Net Cash Proceeds were paid or to reinvest in other Capital Assets or a Permitted Acquisition, no later than 12 months following the date of receipt of such proceeds; and

(ii) if any portion of such Net Cash Proceeds shall not be so applied within such 12-month period, such unused portion shall be applied on the last day of such period as a mandatory prepayment as provided in this Section 2.10(e).

(f) Application of Prepayments. Mandatory prepayments shall be applied to any Term Loans outstanding. Prior to any optional or mandatory prepayment hereunder, Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.10(g), subject to the provisions of this Section 2.10(f). Any prepayments of Term Loans pursuant to Section 2.10(a), (c), (d) or (e) shall be applied to reduce scheduled repayments required under Section 2.09, in direct order to such scheduled repayments due on the Amortization Dates occurring following such prepayment.

Amounts to be applied pursuant to this Section 2.10 to the prepayment of Term Loans shall be applied first to reduce outstanding ABR Term Loans. Any amounts remaining after each such application shall be applied to prepay Eurocurrency Term Loans. Notwithstanding the foregoing, if the amount of any prepayment of Loans required under this Section 2.10 shall be in excess of the amount of the ABR Loans at the time outstanding (an "Excess Amount"), only the portion of the amount of such prepayment as is equal to the amount of such outstanding ABR Loans shall be immediately prepaid and, at the election of Borrower, the Excess Amount shall be either (A) deposited in an escrow account on terms satisfactory to the Collateral Agent and applied to the prepayment of Eurocurrency Loans on the last day of the then next-expiring Interest Period for Eurocurrency Loans; *provided* that (i) interest in respect of such Excess Amount shall continue to accrue thereon at the rate provided hereunder for the Loans which such Excess Amount is intended to repay until such Excess Amount shall have been used in full to repay such Loans and (ii) at any time while an Event of Default has occurred and is continuing, the Administrative Agent may, and upon written direction from the Required Lenders shall, apply any or all

proceeds then on deposit to the payment of such Loans in an amount equal to such Excess Amount or (B) prepaid immediately, together with any amounts owing to the Lenders under Section 2.13.

(g) Notice of Prepayment. Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by written notice of any prepayment, which will be provided substantially in the form of Exhibit A or such other form as shall be acceptable to the Administrative Agent, hereunder (i) in the case of prepayment of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment and (iii) in the case of prepayment of a Swingline Loan, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable; *provided* that a notice of prepayment delivered by Borrower may state that such notice is conditioned upon the effectiveness of another credit facility or the closing of a securities offering or Asset Sale, in which case such notice may be revoked by Borrower (by notice to the Administrative Agent on or prior to the specified prepayment date) if such condition is not satisfied. Each such notice shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of a Credit Extension of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Subject to Section 2.10(f), each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing and otherwise in accordance with this Section 2.10. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.06.

## **SECTION 2.11**

### **Alternate Rate of Interest**

If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be final and conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate for such Interest Period or that any Alternate Currency is not available to the Lenders in sufficient amounts to fund any Borrowing consisting of Alternate Currency Revolving Loans; or

(b) the Administrative Agent determines or is advised in writing by the Required Lenders that the Adjusted LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to Borrower and the applicable Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies Borrower and the applicable Lenders that the circumstances giving rise to such notice no longer exist, (i) any Eurocurrency Borrowing requested to be made on the first day of such Interest Period shall be made as a Market Disruption Loan, (ii) any Borrowing that was to have been converted on the first day of such Interest Period to a Eurocurrency Borrowing shall be continued as a Market Disruption Loan and (iii) any outstanding Eurocurrency Borrowing shall be converted, on the last day of the then-current Interest Period, to a Market Disruption Loan.

(a) Increased Costs Generally. If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in, by any Lender (except any reserve requirement reflected in the Adjusted LIBOR Rate) or the Issuing Bank;
- (ii) subject any Lender, the Administrative Agent or the Issuing Bank to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Loan made by it (except for Indemnified Taxes or Other Taxes indemnifiable under Section 2.15 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender, the Administrative Agent or the Issuing Bank); or
- (iii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender, the Administrative Agent or the Issuing Bank of making or maintaining any Eurocurrency Loan (or, in the case of (ii), any Loan), or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, the Administrative Agent, the Issuing Bank or such Lender's or the Issuing Bank's holding company, if any, of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, the Administrative Agent or the Issuing Bank hereunder (whether of principal, interest or any other amount) in respect of making or maintaining such Loans, maintaining its obligation to make such Loans or participating in, issuing or maintaining Letters of Credit or its obligation to participate in or issue Letters of Credit, then, upon request of such Lender, the Administrative Agent or the Issuing Bank, Borrower will pay to such Lender, the Administrative Agent or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, the Administrative Agent or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered. Notwithstanding anything herein to the contrary, for all purposes under this Agreement, (x) all requests, rules, guidelines requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision or by United States or foreign regulatory authorities, in each case pursuant to Basel III and (y) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Change in Law, regardless of the date enacted, adopted, issued or implemented.

(b) Capital Requirements. If any Lender or the Issuing Bank determines (in good faith, but in its absolute sole discretion) that any Change in Law affecting such Lender or the Issuing Bank or any lending office of such Lender or such Lender's or the Issuing Bank's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy or liquidity), then from time to time

Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement**. A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this **Section 2.12** and delivered to Borrower shall (i) set forth in reasonable detail the basis for, and the calculation of, such amount or amounts and (ii) be conclusive absent manifest error. Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) **Delay in Requests**. Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this **Section 2.12** shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; *provided* that Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the Issuing Bank, as the case may be, notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

### **SECTION 2.13**

### **Breakage Payments**

In the event of (a) the payment or prepayment, whether optional or mandatory, of any principal of any Eurocurrency Loan earlier than the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan earlier than the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan earlier than the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to **Section 2.16(b)**, then, in any such event, Borrower shall compensate each applicable Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBOR Rate (which, for this purpose, shall be determined without regard to the proviso to the definition thereof) that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the Eurocurrency market. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this **Section 2.13** shall be delivered to Borrower (with a copy to the Administrative Agent) and shall be conclusive and binding absent manifest error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

### **SECTION 2.14**

### **Payments Generally; Pro Rata Treatment; Sharing of Setoffs**

(a) **Payments Generally**. Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or Reimbursement Obligations, or of amounts payable under **Section 2.12**, **2.13**, **2.15** or **10.03**, or otherwise) on or before the

time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 p.m., New York City time, or 2:00 p.m., London time, in the case of a payment in an Alternate Currency), on the date when due, in immediately available funds, without setoff, deduction or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its Notice Office, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.12, 2.13, 2.15 and 10.03 shall be made directly to the persons entitled thereto and payments pursuant to other Loan Documents shall be made to the persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, unless specified otherwise, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars, except as expressly specified otherwise.

(b) Pro Rata Treatment .

(i) Each payment of interest in respect of the Loans shall be applied to the amounts of such obligations owing to the Lenders *pro rata* according to the respective amounts then due and owing to the Lenders.

(ii) Each payment on account of principal of the Term Loans shall be allocated among the Term Loan Lenders *pro rata* based on the principal amount of the Term Loans held by the Term Loan Lenders. Each payment on account of principal of the Revolving Borrowings shall be made *pro rata* according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders, except as expressly provided in Section 2.20(d).

(c) Insufficient Funds . If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, Reimbursement Obligations, interest and fees then due hereunder, such funds shall be applied (i) *first* , toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) *second* , toward payment of principal and Reimbursement Obligations then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and Reimbursement Obligations then due to such parties. It is understood that the foregoing does not apply to any adequate protection payments under any federal, state or foreign bankruptcy, insolvency, receivership or similar proceeding, and that the Administrative Agent may, subject to any applicable federal, state or foreign bankruptcy, insolvency, receivership or similar orders, distribute any adequate protection payments it receives on behalf of the Lenders to the Lenders in its sole discretion ( *i.e.* , whether to pay the earliest accrued interest, all accrued interest on a *pro rata* basis or otherwise).

(d) Sharing of Set-Off . If any Lender (and/or the Issuing Bank, which shall be deemed a “Lender” for purposes of this Section 2.14(d) ) shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other Obligations resulting in such Lender’s receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other Obligations greater than its *pro rata* share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other Obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit



of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other Obligations owing them (all as calculated by using Dollar Equivalents of any amounts in Alternate Currencies on the date of such purchase), *provided* that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Requirements of Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation. If under applicable bankruptcy, insolvency or any similar law any Secured Party receives a secured claim in lieu of a setoff or counterclaim to which this Section 2.14(d) applies, such Secured Party shall to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights to which the Secured Party is entitled under this Section 2.14(d) to share in the benefits of the recovery of such secured claim.

(e) Borrower Default. Unless the Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to the Administrative Agent for the account of any of the Lenders or the Issuing Bank hereunder that Borrower will not make such payment, the Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and, in the case of a Borrowing in dollars, if greater, the Federal Funds Effective Rate.

## SECTION 2.15

## Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Loan Parties hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; *provided* that if the applicable Withholding Agent shall be required by applicable Requirements of Law (as determined in the good faith discretion of the applicable Withholding Agent) to deduct or withhold any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased by the Loan Parties as necessary so that after all such required deductions or withholdings have been made (including such deductions or withholdings applicable to additional sums payable under this Section) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the applicable Withholding Agent shall make such



deductions or withholdings and (iii) the applicable Withholding Agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Requirements of Law.

(b) Payment of Other Taxes by Borrower. Without limiting the provisions of paragraph (a) above, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Requirements of Law.

(c) Indemnification by Borrower. Borrower shall indemnify the Administrative Agent, each Lender and any other recipient or beneficial owner of any payment to be made by or on account of any obligation of any Loan Party hereunder, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) payable by such party, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by such party (other than the Administrative Agent) with a copy to the Administrative Agent, or by the Administrative Agent on its own behalf or on behalf of any such party, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders and Administrative Agent. Any Lender that is entitled to an exemption from or reduction of any withholding Tax with respect to any payments hereunder or under any other Loan Document shall, to the extent it may lawfully do so, deliver to Borrower and to the Administrative Agent, at the time or times reasonably requested by Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Requirements of Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Requirements of Law or reasonably requested by Borrower or the Administrative Agent as will enable Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the above two sentences, in the case of any Taxes that are not U.S. federal withholding Taxes, the completion, execution and submission of non-U.S. federal forms shall not be required if in the Lender's judgment it is not lawfully able to do so or such completion, execution or submission would subject such Lender to any unreimbursed cost or expense or would be disadvantageous to such Lender in any material respect.

Without limiting the generality of the foregoing, in the event that any Loan Party is resident for tax purposes in the United States of America, any Foreign Lender shall, to the extent it may lawfully do so, deliver to Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) duly completed copies of Internal Revenue Service Form W-8BEN, Internal Revenue Service Form W-8BEN-E or any successor forms claiming eligibility for benefits of an income tax treaty to which the United States of America is a party,

(ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any successor forms),

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate, in substantially the form of Exhibit M-1, or any other form approved by the Administrative Agent, to the effect that such Foreign Lender is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code, and that no payments in connection with the Loan Documents are effectively connected with such Foreign Lender’s conduct of a U.S. trade or business or, to the extent any payments are effectively connected, such payments are not includable in the Foreign Lender’s gross income for U.S. federal income tax purposes under an income tax treaty and (y) duly completed copies of Internal Revenue Service Form W-8BEN, Internal Revenue Service Form W-8BEN-E or any successor forms,

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), an Internal Revenue Service Form W-8IMY, accompanied by an Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN, Internal Revenue Service Form W-8BEN-E, a certificate in substantially the form of Exhibit M-2 or Exhibit M-3, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that, if the Foreign Lender is a partnership (and not a participating Lender) and one or more beneficial owners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a certificate, in substantially the form of Exhibit M-4, on behalf of such beneficial owner(s), or

(v) any other form prescribed by applicable Requirements of Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable Requirements of Law to permit Borrower and the Administrative Agent to determine the withholding or deduction required to be made.

Each Foreign Lender shall, from time to time after the initial delivery by such Foreign Lender of the forms described above, whenever a lapse in time or change in such Foreign Lender’s circumstances renders such forms, certificates or other evidence so delivered obsolete or inaccurate, promptly (1) deliver to Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) renewals, amendments or additional or successor forms, properly completed and duly executed by such Foreign Lender, together with any other certificate or statement of exemption required in order to confirm or establish such Foreign Lender’s status or that such Foreign Lender is entitled to an exemption from or reduction in U.S. federal withholding Tax or (2) notify Administrative Agent and Borrower of its inability to deliver any such forms, certificates or other evidence.

Any Lender that is not a Foreign Lender shall deliver to Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter as prescribed by applicable law or upon the request of Borrower or the

Administrative Agent), duly executed and properly completed copies of Internal Revenue Service Form W-9 certifying that it is not subject to backup withholding.

If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

The Administrative Agent shall deliver to the Borrower on or before the date on which it becomes a party to any Loan Document (and from time to time thereafter whenever a lapse in time or change in circumstances renders such forms obsolete or inaccurate or upon the reasonable request of the Borrower): (i) executed originals of IRS Form W-8ECI with respect to any amounts payable to the Administrative Agent for its own account, and (ii) executed originals of IRS Form W-8IMY with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is a "U.S. branch" and that the payments it receives for the account of others are not effectively connected with the conduct of its trade or business within the United States and that it is using such form as evidence of its agreement with the Borrower to be treated as a U.S. person with respect to such payments (and the Borrower and the Administrative Agent agree to so treat the Administrative Agent as a U.S. person with respect to such payments as contemplated by Section 1.1441-1(b)(2)(iv) of the United States Treasury Regulations).

(f) Treatment of Certain Refunds. If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which a Loan Party has paid additional amounts pursuant to this Section, it shall pay to the applicable Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that such Loan Party, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender or in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its Tax Returns (or any other information relating to its Taxes that it deems confidential) to Borrower or any other person. Notwithstanding anything to the contrary, in no event will the Administrative Agent or any Lender be required to pay any amount to a Loan Party the payment of which would place the Administrative Agent or such Lender in a less favorable net after-Tax position than the Administrative Agent or such Lender would have been in if the Indemnified Taxes or Other Taxes giving rise to such refund had never been imposed in the first instance.

(g) Indemnification of the Administrative Agent. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes or Other Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting

the obligation of the Loan Parties to do so) and (ii) any Indemnified Taxes or Other Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6(c) relating to the maintenance of a Participant Register, in either case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (g).

(h) Payments. For purposes of this Section 2.15, any payments by the Administrative Agent to a Lender of any amounts received by the Administrative Agent from a Loan Party on behalf of such Lender shall be treated as a payment from the Loan Party to such Lender.

(i) Defined Terms. For all purposes of this Section 2.15, the term "Lender" shall include the Issuing Bank and the term "applicable Requirements of Law" shall include FATCA.

## **SECTION 2.16**

## **Mitigation Obligations; Replacement of Lenders**

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.12, or requires Borrower to pay any additional amount or indemnity payment to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment. A certificate setting forth such costs and expenses submitted by such Lender to Borrower shall be conclusive absent manifest error.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.12, or if Borrower is required to pay any additional amount or indemnity payment to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, or if any Lender is a Defaulting Lender, or if Borrower exercises its replacement rights under Section 10.02 (d), then Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.04), all of its interests, rights and obligations under this Agreement and the other Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided that*:

(i) Borrower shall have paid to the Administrative Agent the processing and recordation fee specified in Section 10.04(b);

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.13), from the assignee (to the

extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts;

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable Requirements of Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrower to require such assignment and delegation cease to apply.

Each Lender agrees that, if Borrower elects to replace such Lender in accordance with this Section 2.16(b), it shall promptly execute and deliver to the Administrative Agent an Assignment and Assumption to evidence the assignment and shall deliver to the Administrative Agent any Note (if Notes have been issued in respect of such Lender's Loans) subject to such Assignment and Assumption; *provided* that the failure of any such Lender to execute an Assignment and Assumption shall not render such assignment invalid and such assignment shall be recorded in the Register.

## **SECTION 2.17**

### **Swingline Loans**

(a) Swingline Commitment. Subject to the terms and conditions set forth herein, the Swingline Lender agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.17, to make Swingline Loans in dollars to Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$10.0 million or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; *provided* that Borrower shall not use the proceeds of any Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, Borrower may borrow, repay and reborrow Swingline Loans.

(b) Swingline Loans. To request a Swingline Loan, Borrower shall deliver, by hand delivery or telecopier, a duly completed and executed Borrowing Request to the Swingline Lender, not later than 12:00 noon, New York City time on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and the amount of the requested Swingline Loan. Each Swingline Loan shall be an ABR Loan. The Swingline Lender shall make each Swingline Loan available to Borrower to an account as directed by Borrower in the applicable Borrowing Request maintained with the Administrative Agent (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.18(e), by remittance to the Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan. Borrower shall not request a Swingline Loan if at the time of or immediately after giving effect to the Extension of Credit contemplated by such request a Default has occurred and is continuing or would result therefrom. Swingline Loans shall be made in minimum amounts of \$1.0 million and integral multiples of such amount.

(c) Prepayment. Borrower shall have the right at any time and from time to time to repay any Swingline Loan, in whole or in part, upon giving written notice to the Swingline Lender and the Administrative Agent before 12:00 (noon), New York City time, on the proposed date of prepayment.

(d) Participations. The Swingline Lender may at any time in its discretion by written notice given to the Administrative Agent (*provided* such notice requirement shall not apply if the

Swingline Lender and the Administrative Agent are the same entity) require the Revolving Lenders to acquire participations in all or a portion of the Swingline Loans then outstanding not later than 11:00 a.m., New York City time, on the next succeeding Business Day following such notice. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Pro Rata Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Pro Rata Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.02(c) with respect to Loans made by such Lender (and Section 2.02 shall apply, *mutatis mutandis*, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify Borrower of any participations in any Swingline Loan acquired by the Revolving Lenders pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from Borrower (or any other party on behalf of Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent. Any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve Borrower of any default in the payment thereof.

## **SECTION 2.18**

### **Letters of Credit**

(a) General. Subject to the terms and conditions set forth herein, Borrower as the applicant therefor may request the Issuing Bank, and the Issuing Bank agrees, to issue Letters of Credit denominated in any Approved Currency for its own account or the account of a Subsidiary in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Revolving Availability Period (*provided* that Borrower shall be a co-applicant, and be jointly and severally liable, with respect to each Letter of Credit issued for the account of a Subsidiary). The Issuing Bank shall have no obligation to issue, and Borrower shall not request the issuance of, any Letter of Credit at any time if (i) after giving effect to such issuance, the LC Exposure would exceed the LC Commitment, (ii) the total Revolving Exposure would exceed the total Revolving Commitments or (iii) the Dollar Equivalent of the LC Exposure denominated in Alternate Currencies would exceed \$5.0 million. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by Borrower to, or entered into by Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Request for Issuance, Amendment, Renewal, Extension; Certain Conditions and Notices. To request the issuance of a Letter of Credit or the amendment, renewal or extension of an outstanding Letter of Credit, Borrower shall deliver, by hand or telecopier (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank), an LC Request to the Issuing Bank and the Administrative Agent not later than 11:00 a.m. on the fifth Business Day

preceding the requested date of issuance, amendment, renewal or extension (or such later date and time as is acceptable to the Issuing Bank).

A request for an initial issuance of a Letter of Credit shall specify in form and detail satisfactory to the Issuing Bank:

- (i) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day);
- (ii) the amount and the currency thereof (which shall be any Approved Currency);
- (iii) the expiry date thereof (which shall not be later than the close of business on the Letter of Credit Expiration Date);
- (iv) the name and address of the beneficiary thereof;
- (v) whether the Letter of Credit is to be issued for its own account or for the account of one of its Subsidiaries (*provided* that Borrower shall be a co-applicant, and therefore jointly and severally liable, with respect to each Letter of Credit issued for the account of a Subsidiary);
- (vi) the documents to be presented by such beneficiary in connection with any drawing thereunder;
- (vii) the full text of any certificate to be presented by such beneficiary in connection with any drawing thereunder;
- (viii) such other matters as the Issuing Bank may reasonably require.

A request for an amendment, renewal or extension of any outstanding Letter of Credit shall specify in form and detail satisfactory to the Issuing Bank:

- (i) the Letter of Credit to be amended, renewed or extended;
- (ii) the proposed date of amendment, renewal or extension thereof (which shall be a Business Day);
- (iii) the nature of the proposed amendment, renewal or extension; and
- (iv) such other matters as the Issuing Bank may reasonably require.

If requested by the Issuing Bank, Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued only if (and, upon issuance, amendment, renewal or extension of each Letter of Credit, Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, (i) the LC Exposure shall not exceed the LC Commitment, (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments and (iii) the conditions set forth in Article IV in respect of such issuance, amendment, renewal or extension shall have been satisfied.

Upon the issuance of any Letter of Credit or amendment, renewal, extension or modification to a Letter of Credit, the Issuing Bank shall promptly notify the Administrative Agent, who shall promptly notify each Revolving Lender, thereof, which notice shall be accompanied by a copy of such Letter of Credit or amendment, renewal, extension or modification to a Letter of Credit and the



amount of such Lender's respective participation in such Letter of Credit pursuant to Section 2.18(d). If the Issuing Bank is not the same person as the Administrative Agent, on the first Business Day of each calendar month, the Issuing Bank shall provide to the Administrative Agent a report listing all outstanding Letters of Credit and the amounts and beneficiaries thereof and the Administrative Agent shall promptly provide such report to each Revolving Lender.

(c) Expiration Date. Each Letter of Credit shall expire (upon non-renewal or otherwise) at or prior to the close of business on the earlier of (i) subject to the next sentence, the date which is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the Letter of Credit Expiration Date. If Borrower so requests in any Letter of Credit Request, the Issuing Bank shall issue a Letter of Credit that has automatic renewal provisions (each, an “**Auto-Renewal Letter of Credit**”); *provided* that any such Auto-Renewal Letter of Credit must permit the Issuing Bank to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the Issuing Bank, Borrower shall not be required to make a specific request to the Issuing Bank for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Revolving Lenders shall be deemed to have authorized (but may not require) the Issuing Bank to permit the renewal of such Letter of Credit at any time to an expiry date not later than the earlier of (i) one year from the date of such renewal and (ii) the Letter of Credit Expiration Date; *provided* that the Issuing Bank shall not permit any such renewal if the Issuing Bank has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.18(1) or otherwise).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby irrevocably grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Revolving Lender's Pro Rata Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Revolving Lender's Pro Rata Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by Borrower on the date due as provided in Section 2.18(e), or of any reimbursement payment required to be refunded to Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, or expiration, termination or cash collateralization of any Letter of Credit and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement.

(i) If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, Borrower shall reimburse such LC Disbursement by paying to the Issuing Bank an amount equal to such LC Disbursement not later than 3:00 p.m., New York City time, on the date that such LC Disbursement is made (or, in the case of an LC Disbursement denominated in an Alternate Currency, on the date three Business Days after such date), if Borrower shall have received notice of such LC Disbursement prior to 11:00 a.m., New York City time, on such date, or, if such notice has not been received by Borrower prior to such time on such date, then not later than 3:00 p.m., New York City time, on the Business Day immediately following the day that Borrower receives such notice (or, in the case of



an LC Disbursement denominated in an Alternate Currency, on the date three Business Days after such Business Day); *provided that* Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with ABR Revolving Loans or Swingline Loans in an equivalent amount and, to the extent so financed, Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Loans or Swingline Loans.

(ii) If Borrower fails to make such payment when due, the Issuing Bank shall notify the Administrative Agent and the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from Borrower in respect thereof and such Revolving Lender's Pro Rata Percentage thereof. Each Revolving Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 4:00 p.m., New York City time, on such date (or, if such Revolving Lender shall have received such notice later than 12:00 noon, New York City time, on any day, not later than 11:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Revolving Lender's Pro Rata Percentage of the unreimbursed LC Disbursement in the same manner as provided in Section 2.02(c) with respect to Revolving Loans made by such Revolving Lender, and the Administrative Agent will promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. The Administrative Agent will promptly pay to the Issuing Bank any amounts received by it from Borrower pursuant to the above paragraph prior to the time that any Revolving Lender makes any payment pursuant to the preceding sentence and any such amounts received by the Administrative Agent from Borrower thereafter will be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made such payments and to the Issuing Bank, as appropriate.

(iii) If any Revolving Lender shall not have made its Pro Rata Percentage of such LC Disbursement available to the Administrative Agent as provided above, each of such Revolving Lender and Borrower severally agrees to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with the foregoing to but excluding the date such amount is paid, to the Administrative Agent for the account of the Issuing Bank at (i) in the case of Borrower, the rate per annum set forth in Section 2.18(h) and (ii) in the case of such Lender, at a rate determined by the Administrative Agent in accordance with banking industry rules or practices on interbank compensation.

(iv) All payments made pursuant to this Section 2.18(e) shall be in the Approved Currency in which the LC Disbursement giving rise to such payment is denominated.

(f) Obligations Absolute. The Reimbursement Obligation of Borrower as provided in Section 2.18(e) shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein; (ii) any draft or other document presented under a Letter of Credit being proved to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that fails to comply with the terms of such Letter of Credit; (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.18, constitute a legal or equitable discharge of, or provide a right of setoff against, the obligations of Borrower hereunder; (v) the fact that a Default shall have occurred and be continuing; or (vi) any material adverse change in the business, property, results of operations, prospects or condition, financial or otherwise, of Borrower and its Subsidiaries. None of the Agents, the Lenders, the Issuing Bank or any of their Affiliates shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any

payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; *provided* that the foregoing shall not be construed to excuse the Issuing Bank from liability to Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by Borrower to the extent permitted by applicable Requirements of Law) suffered by Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly give written notice to the Administrative Agent and Borrower of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve Borrower of its Reimbursement Obligation to the Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement (other than with respect to the timing of such Reimbursement Obligation set forth in Section 2.18(e)).

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest payable on demand, for each day from and including the date such LC Disbursement is made to and including the date that Borrower is required to reimburse such LC Disbursement under Section 2.18(e)(i), at the interest rate then in effect for ABR Loans or the Alternate Currency Base Rate for the relevant Alternate Currency plus the Applicable Margin, as the case may be, and thereafter, at the rate per annum determined pursuant to Section 2.06(c) until (but excluding) the date that Borrower reimburses such LC Disbursement. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.18(e) to reimburse the Issuing Bank shall be for the account of such Revolving Lender to the extent of such payment.

(i) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, Borrower shall deposit on terms and in accounts satisfactory to the Collateral Agent, in the name of the Collateral Agent and for the benefit of the Revolving Lenders, an amount in cash in the relevant currencies equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to Borrower described in Section 8.01(g) or (h). Funds so deposited shall be applied by the Collateral Agent to reimburse the Issuing Bank for LC

Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of outstanding Reimbursement Obligations or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations of Borrower under this Agreement. If Borrower is required to provide an amount of cash collateral under this Section 2.18(i) as a result of the occurrence of an Event of Default, such amount *plus* any accrued interest or realized profits with respect to such amounts (to the extent not applied as aforesaid) shall be returned to Borrower within three Business Days after all Events of Default have been cured or waived.

(j) Additional Issuing Banks. Borrower may, at any time and from time to time, designate one or more additional Revolving Lenders, or affiliates of Revolving Lenders, to act as an issuing bank under the terms of this Agreement, with the consent of the Administrative Agent (which consent shall not be unreasonably withheld), the Issuing Bank and such Revolving Lender(s). Any Revolving Lender or affiliate of a Revolving Lender designated as an issuing bank pursuant to this paragraph (j) shall have all the rights and obligations of the Issuing Bank under the Loan Documents with respect to Letters of Credit issued or to be issued by it, and all references in the Loan Documents to the term "Issuing Bank" shall, with respect to such Letters of Credit, be deemed to refer to such Revolving Lender or affiliate in its capacity as the Issuing Bank, as the context shall require. The Administrative Agent shall notify the Lenders of any such additional Issuing Bank. If at any time there is more than one Issuing Bank hereunder, Borrower may, in its discretion, select which Issuing Bank is to issue any particular Letter of Credit.

(k) Resignation or Removal of the Issuing Bank. The Issuing Bank may resign as Issuing Bank hereunder at any time upon at least 30 days' prior notice to the Lenders, the Administrative Agent and Borrower. The Issuing Bank may be replaced at any time by written agreement among Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such resignation of the Issuing Bank shall become effective, Borrower shall pay all unpaid fees accrued for the account of the retiring Issuing Bank pursuant to Section 2.05(c). From and after the effective date of any such resignation or replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued by it thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or replacement of an Issuing Bank, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such resignation or replacement, but shall not be required to issue additional Letters of Credit.

(l) Other. The Issuing Bank shall be under no obligation to issue any Letter of Credit if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Requirement of Law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Bank in good faith deems material to it.

The Issuing Bank shall be under no obligation to amend any Letter of Credit if (A) the Issuing Bank would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

**SECTION 2.19**

**Defaulting Lenders**

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) the Commitment Fee shall cease to accrue on the Commitment of such Lender so long as it is a Defaulting Lender (except to the extent it is payable to the Issuing Bank pursuant to clause (b)(v) below);

(b) if any Swingline Exposure or LC Exposure exists at the time a Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Pro Rata Percentages but only to the extent the sum of all non-Defaulting Lenders' Revolving Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Revolving Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, Borrower shall within one Business Day following notice by the Administrative Agent, at its election, either (x) prepay Swingline Loans and/or Revolving Loans in an aggregate principal amount so that the reallocation described in clause (i) above can be fully effected or (y) (A) first, prepay such Defaulting Lender's Swingline Exposure and (B) second, cash collateralize such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.18(i) for so long as such LC Exposure is outstanding;

(iii) if any portion of such Defaulting Lender's LC Exposure is cash collateralized pursuant to clause (ii) above, Borrower shall not be required to pay the LC Participation Fee with respect to such portion of such Defaulting Lender's LC Exposure so long as it is cash collateralized;

(iv) if any portion of such Defaulting Lender's LC Exposure is reallocated to the non-Defaulting Lenders pursuant to clause (i) above, then the LC Participation Fee with respect to such portion shall be allocated among the non-Defaulting Lenders in accordance with their Pro Rata Percentages; or

(v) if any portion of such Defaulting Lender's LC Exposure is neither cash collateralized nor reallocated pursuant to this Section 2.19(b), then, without prejudice to any rights or remedies of the Issuing Bank or any Lender hereunder, the LC Participation Fee payable with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until such LC Exposure is cash collateralized and/or reallocated;

(c) so long as any Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, renew, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Revolving Commitments of the non-Defaulting Lenders and/or cash collateralized in accordance with Section 2.19(b), and participations in any such newly issued or increased Letter of Credit or newly made Swingline Loan that is not, in either case, cash collateralized, shall be allocated among non-Defaulting Lenders in accordance with their respective Pro Rata Percentages (and Defaulting Lenders shall not participate therein); and

(d) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 2.14(d) but excluding Section 2.16(b)) may, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated non-interest bearing account and, subject to any applicable Requirements of Law, be applied (after conversion as necessary to the relevant currency which the Administrative Agent may effect in its reasonable discretion) at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, *pro rata*, to the payment of any amounts owing by such Defaulting Lender to the Issuing Bank or Swingline Lender hereunder, (iii) third, to the funding of any Loan or the funding or cash collateralization of any participation in any Swingline Loan or Letter of Credit in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iv) fourth, if so determined by the Administrative Agent and Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement, (v) fifth, *pro rata*, to the payment of any amounts owing to Borrower or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by Borrower or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement and (vi) sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if such payment is (x) a prepayment of the principal amount of any Loans or Reimbursement Obligations in respect of LC Disbursements with respect to which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 4.02 are satisfied, such payment shall be applied solely to prepay the Loans of, and Reimbursement Obligations owed to, all non-Defaulting Lenders *pro rata* prior to being applied to the prepayment of any Loans, or Reimbursement Obligations owed to, any Defaulting Lender.

In the event that the Administrative Agent, Borrower, the Issuing Bank or the Swingline Lender, as the case may be, each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Pro Rata Percentage. The rights and remedies against a Defaulting Lender under this Section 2.19 are in addition to other rights and remedies that Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender and the non-Defaulting Lenders may have against such Defaulting Lender. The arrangements permitted or required by this Section 2.19 shall be permitted under this Agreement, notwithstanding any limitation on Liens or the *pro rata* sharing provisions or otherwise.

## SECTION 2.20

## Increase in Commitments

(a) Borrower Request. Borrower may by written notice to the Administrative Agent elect to request (x) prior to the Revolving Maturity Date, an increase to the existing Revolving Commitments (each, an “**Incremental Revolving Commitment**”) and/or (y) the establishment of one or

more new Term Loan Commitments (each, an “ **Incremental Term Loan Commitment** ”) by an amount not in excess of \$200.0 million in the aggregate and not less than \$10.0 million individually. Each such notice shall specify (i) the date (each, an “ **Increase Effective Date** ”) on which Borrower proposes that the increased or new Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent and (ii) the identity of each Eligible Assignee to whom Borrower proposes any portion of such increased or new Commitments be allocated and the amounts of such allocations; *provided* that any existing Lender approached to provide all or a portion of the increased or new Commitments may elect or decline, in its sole discretion, to provide such increased or new Commitment.

(b) Conditions. The increased or new Commitments shall become effective, as of such Increase Effective Date; *provided* that:

- (i) each of the conditions set forth in Section 4.02 (other than Section 4.02(a)) shall be satisfied;
- (ii) after giving pro forma effect to the borrowings to be made on the Increase Effective Date and to any change in Consolidated EBITDA and any increase in Indebtedness resulting from the consummation of any Permitted Acquisition concurrently with such borrowings as of the date of the most recent financial statements delivered pursuant to Section 5.01(a) or (b), Borrower shall be in compliance with each of the covenants set forth in Section 6.09 and the First-Lien Leverage Ratio shall not be greater than 2.25:1.00;
- (iii) Borrower shall make any payments required pursuant to Section 2.13 in connection with any adjustment of Revolving Loans pursuant to Section 2.20(d); and
- (iv) Borrower shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction;

*provided, further*, that to the extent the proceeds of such borrowings are used to finance all or a portion of the purchase price of a Permitted Acquisition, the conditions set forth in clauses (i) (regarding Section 4.02(b) only) and (ii) above shall only apply at the earlier of (A) the time the definitive agreements with respect to such Permitted Acquisition are executed and delivered (and on the date of effectiveness of any amendments thereto that effect an increase of more than 5% in the cash portion, if any, of the purchase price thereunder) and (B) the consummation of such Permitted Acquisition.

(c) Terms of New Loans and Commitments. The terms and provisions of Loans made pursuant to the new Commitments shall be as follows:

- (i) terms and provisions of Loans made pursuant to Incremental Term Loan Commitments (“ **Incremental Term Loans** ”) shall be, except as otherwise set forth herein or in the Increase Joinder, identical to those of the Term Loans (it being understood that Incremental Term Loans may be a part of the Term Loans);
- (ii) the terms and provisions of Revolving Loans made pursuant to new Commitments shall be identical to the Revolving Loans;
- (iii) the weighted average life to maturity of any Incremental Term Loans shall be no shorter than the weighted average life to maturity of the existing Term Loans;

(iv) the maturity date of Incremental Term Loans (the “ **Incremental Term Loan Maturity Date** ”) shall not be earlier than the Term Loan Maturity Date;

(v) the Applicable Margins for the Incremental Term Loans shall be determined by Borrower and the Lenders of the Incremental Term Loans; *provided* that in the event that the Applicable Margins for any Incremental Term Loans are greater by more than 50 basis points than the Applicable Margins for the Term Loans, then the Applicable Margins for the Term Loans shall be increased to the extent necessary so that the Applicable Margins for the Incremental Term Loans are only 50 basis points greater than to the Applicable Margins for the Term Loans; *provided, further*, that in determining the Applicable Margins applicable to the Term Loans and the Incremental Term Loans, (x) original issue discount (“ **OID** ”) or upfront fees (which shall be deemed to constitute like amounts of OID) payable by Borrower to the Lenders of the Term Loans or the Incremental Term Loans in the primary syndication thereof shall be included (with OID being equated to interest based on an assumed four-year life to maturity) and (y) customary arrangement or commitment fees payable to the Lead Arrangers (or their affiliates) in connection with the Term Loans or to one or more arrangers (or their affiliates) of the Incremental Term Loans shall be excluded;

(vi) the minimum LIBOR Rate or Alternate Base Rate, if any, applicable to the Incremental Term Loans shall be determined by Borrower and the Lenders of the Incremental Term Loans; *provided* that an equal minimum LIBOR Rate or Alternate Base Rate shall be applicable to the Term Loans;

(vii) to the extent that the terms and provisions of Incremental Term Loans are not identical to the Term Loans (except to the extent permitted by clause (iv), (v) or (vi) above) they shall be reasonably satisfactory to the Administrative Agent; and

(viii) any Incremental Revolving Commitments shall be on terms (other than upfront fees payable to Lenders providing Incremental Revolving Commitments or arrangers (or their affiliates) in connection therewith) and pursuant to documentation applicable to the Revolving Credit Facility.

The increased or new Commitments shall be effected by a joinder agreement (the “ **Increase Joinder** ”) executed by Borrower, the Administrative Agent and each Lender making such increased or new Commitment, in form and substance satisfactory to each of them. The Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.20.

(d) Adjustment of Revolving Loans. To the extent the Commitments being increased on the relevant Increase Effective Date are Revolving Commitments, then each Revolving Lender that is acquiring a new or additional Revolving Commitment on the Increase Effective Date shall make a Revolving Loan, the proceeds of which will be used to prepay the Revolving Loans of the other Revolving Lenders immediately prior to such Increase Effective Date, so that, after giving effect thereto, the Revolving Loans outstanding are held by the Revolving Lenders *pro rata* based on their Revolving Commitments after giving effect to such Increase Effective Date. If there is a new borrowing of Revolving Loans on such Increase Effective Date, the Revolving Lenders after giving effect to such Increase Effective Date shall make such Revolving Loans in accordance with Section 2.01(b).

(e) Making of New Term Loans. On any Increase Effective Date on which new Commitments for Term Loans are effective, subject to the satisfaction of the foregoing terms and



conditions, each Lender of such new Commitment shall make a Term Loan to Borrower in an amount equal to its new Commitment.

(f) **Equal and Ratable Benefit.** The Loans and Commitments established pursuant to this paragraph shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guarantees and security interests created by the Security Documents, except that new Term Loans may be subordinated in right of payment or the Liens securing any new Term Loans may be subordinated, in each case, as set forth in the Increase Joinder. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Liens and security interests granted by the Security Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such Class of Term Loans or any such new Commitments.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to the Administrative Agent, the Collateral Agent, the Issuing Bank and each of the Lenders that:

##### SECTION 3.01

##### **Organization; Powers .**

Each Company (a) is duly organized and validly existing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to carry on its business as now conducted and to own and lease its property, except where the failure to have any such power or authority could not reasonably be expected to result in a Material Adverse Effect and (c) is qualified and in good standing (to the extent such concept is applicable in the applicable jurisdiction) to do business in every jurisdiction where such qualification is required, except in such jurisdictions where the failure to so qualify or be in good standing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

##### SECTION 3.02

##### **Authorization; Enforceability .**

This Agreement has been duly executed and delivered by each Loan Party and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and general principles of equity, regardless of whether considered in a proceeding in equity or at law.

##### SECTION 3.03

##### **No Conflicts .**

Except as set forth on Schedule 3.03, the execution, delivery and performance by each Loan Party of each Loan Document to which it is a party, (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, (ii) filings and recordings necessary to perfect Liens created by the Loan Documents and (iii) consents, approvals, registrations, filings, permits or actions the failure to obtain or perform which could not reasonably be expected to result in a Material Adverse Effect, (b) will not violate the Organizational Documents of such Loan Party, (c) will not violate any Requirement of Law, except for violations that could not reasonably be expected to result in a Material Adverse Effect, (d) will not violate or result in a default or require any consent or approval under



any indenture, agreement or other instrument binding upon such Loan Party or its property, or (other than the Loan Documents) give rise to a right thereunder to require any payment to be made by any Loan Party, except for violations, defaults or the creation of such rights that could not reasonably be expected to result in a Material Adverse Effect, and (e) will not result in the creation or imposition of any Lien on any property of any Loan Party, except Liens created by the Loan Documents and Permitted Liens.

#### **SECTION 3.04**

#### **Financial Statements; Projections.**

(a) Historical Financial Statements of Borrower. Borrower has heretofore delivered to the Lenders (i) the consolidated balance sheets and related statements of income, stockholders' equity and cash flows of Borrower as of and for the fiscal years ended December 31, 2013 and December 31, 2012, reported upon by KPMG LLP, independent public accountants, and (ii) the consolidated balance sheets of Borrower as of September 30, 2014, and the related statement of income and cash flows of Borrower for the nine-month period ended September 30, 2014 and for the comparable period of the preceding fiscal year. Such financial statements and all financial statements delivered pursuant to Sections 5.01(a) and (b) present fairly in all material respects in accordance with GAAP the consolidated financial condition and results of operations and cash flows of Borrower and its Subsidiaries as of the dates and for the periods to which they relate, subject, in the case of the financial statements referred to in clause (ii) of the preceding sentence or delivered pursuant to Section 5.01(b), to year-end audit adjustments and the absence of footnotes.

(b) No Liabilities. Since December 31, 2013, there has been no event, change, circumstance or occurrence that, individually or in the aggregate, has had or could reasonably be expected to result in a Material Adverse Effect.

(c) Forecasts. The forecasts of financial performance of Borrower and its Subsidiaries furnished to the Lenders have been prepared in good faith by Borrower and based on assumptions believed by Borrower to be reasonable.

#### **SECTION 3.05**

#### **Properties.**

(a) Generally. Each Company has good title to, or valid leasehold interests in, all of its property material to its business except to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect, and such title or leasehold interest is free and clear of all Liens except for Permitted Liens and minor irregularities or deficiencies in title that, individually or in the aggregate, do not interfere with its ability to conduct its business as currently conducted or to utilize such property for its intended purpose. Except to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect, the property of the Companies, taken as a whole, (i) is in good operating order, condition and repair (ordinary wear and tear excepted) and (ii) constitutes all the property which is required for the business and operations of the Companies as presently conducted.

(b) Real Property. As of the Closing Date, no Company owns any fee interest in any material real property in the United States.

(c) Collateral. Except to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect, each Company owns or has rights to use all of the Collateral purportedly owned by it and all rights with respect to any of the foregoing used in, necessary for or material to such Company's business as currently conducted. The use by each Company of such Collateral and all such rights with respect to the foregoing do not infringe on the rights of any person other than such infringement which could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. No claim has been made and remains outstanding that any

Company's use of any Collateral does or may violate the rights of any third party that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

### **SECTION 3.06**

### **Intellectual Property**

(a) **Ownership/No Claims**. Each Company owns, is licensed, or is otherwise authorized to use, all patents, patent applications, trademarks, trade names, service marks, copyrights, trade secrets, proprietary information and processes, domain names and know-how, in each case necessary for the conduct of its business as currently conducted (the "**Intellectual Property**"), except for those the failure to own, license or otherwise be authorized to use which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. There is no claim pending against any Company alleging that the use of any such Intellectual Property or the conduct of the Company's business infringes, misappropriates or violates the intellectual property rights of any other person or challenging the validity of any such Intellectual Property owned by the Company, except, in any such case, for any claim that could not reasonably be expected to result in a Material Adverse Effect.

(b) **No Violations or Proceedings**. Except as could not reasonably be expected to result in a Material Adverse Effect, on and as of the Closing Date, there is no infringement, misappropriation or violation by others of any right of such Loan Party with respect to any copyright, patent or trademark pledged by it under the name of such Loan Party.

### **SECTION 3.07**

### **Equity Interests and Subsidiaries**

(a) **Equity Interests**. Schedules 1(a) and 7(a) to the Perfection Certificate dated the Closing Date set forth a list of (i) Borrower, each direct Subsidiary of Borrower or any Subsidiary Guarantor and their respective jurisdictions of organization as of the Closing Date and (ii) the number of each class of its Equity Interests outstanding. All outstanding Equity Interests of each Company are duly and validly issued and, in the case of capital stock of any Company that is a corporation, are fully paid and non-assessable. Each Loan Party is the record and beneficial owner of, and has good and marketable title to, the Equity Interests pledged by it under the Security Agreement, free of any and all Liens, rights or claims of other persons, except for Permitted Liens, and, other than as set forth on Schedule 3.07 (a), there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any such Equity Interests.

(b) **No Consent of Third Parties Required**. No consent of any person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary or reasonably desirable (from the perspective of a secured party) in connection with the creation, perfection or first priority status of the security interest of the Collateral Agent in any Equity Interests pledged to the Collateral Agent for the benefit of the Secured Parties under the Security Agreement or the exercise by the Collateral Agent of the voting or other rights provided for in the Security Agreement or the exercise of remedies in respect thereof.

### **SECTION 3.08**

### **Litigation**

(a) There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority now pending or, to the knowledge of any Company, threatened against or affecting any Company or any business, property or rights of any Company (i) that involve any Loan Document or (ii) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Except for matters covered by Section 3.17, no Company or any of its property is in violation of any Requirements of Law or is in default with respect to any Requirement of Law, where such violation or default, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

**SECTION 3.09**

**Agreements.**

None of the Companies is a party to any agreement or instrument or subject to any corporate or other constitutional restriction that has resulted or could reasonably be expected to result in a Material Adverse Effect.

**SECTION 3.10**

**Federal Reserve Regulations.**

No Company is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock. No part of the proceeds of any Loan or any Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of Regulation U or X. The pledge of the Securities Collateral pursuant to the Security Agreement does not violate such regulations.

**SECTION 3.11**

**Investment Company Act.**

No Loan Party is an “investment company” under the Investment Company Act of 1940, as amended.

**SECTION 3.12**

**Use of Proceeds.**

Borrower will use the proceeds of (a) the Term Loans to refinance Borrower’s Existing Credit Agreement and to pay related costs and expenses and (b) the Revolving Loans and Swingline Loans on and after the Closing Date for working capital and general corporate purposes.

**SECTION 3.13**

**Taxes.**

Each Company has (a) timely filed or caused to be timely filed all federal Tax Returns and all material state, local and foreign Tax Returns required to have been filed by it, except for failure that could not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect, (b) duly and timely paid, collected or remitted or caused to be duly and timely paid, collected or remitted all Taxes (whether or not shown on any Tax Return) due and payable, collectible or remittable by it and all assessments received by it, except Taxes (i) that are being contested in good faith by appropriate proceedings and for which such Company has set aside on its books adequate reserves in accordance with GAAP or (ii) which could not be reasonably expected to, individually or in the aggregate, have a Material Adverse Effect and (c) satisfied all of its withholding Tax obligations except for failures that could not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect. Each Company is unaware of any proposed or pending Tax assessments, deficiencies or audits that could be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect. Except as could not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect, none of the Companies has ever “participated” in a “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4.

**SECTION 3.14**

**No Material Misstatements.**

(a) The information that has been or will be made available to the Administrative Agent or the Lenders by any Loan Party in connection with the Loan Documents, taken as a whole, does not or

will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) the confidential information memorandum dated January 2015 and delivered in connection with the primary syndication of the Commitments and Loans, together with the Form 10-K and Form 10-Q most recently filed by Borrower with the U.S. Securities and Exchange Commission, taken as a whole, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in the light of the circumstances under which such statements are made as of the date such information is dated; provided that to the extent any such information was based upon or constitutes a forecast or projection, each Loan Party represents only that such forecasts and projections have been prepared in good faith upon reasonable assumptions.

### **SECTION 3.15**

### **Solvency.**

As of the Closing Date, on a pro forma basis after giving effect to the making of the Loans to occur on the Closing Date, (a) the fair value of the properties of Borrower and its Subsidiaries, taken as a whole, will exceed their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of Borrower and its Subsidiaries, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) Borrower and its Subsidiaries, taken as a whole, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Borrower and its Subsidiaries, taken as a whole, will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

### **SECTION 3.16**

### **Employee Benefit Plans.**

(a) Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (i) each Loan Party and each of its ERISA Affiliates is in compliance with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder; (ii) no ERISA Event has occurred or is reasonably expected to occur, (iii) there are no underfunded Plans, determined using reasonable actuarial assumptions; and (iv) using actuarial assumptions and computation methods consistent with subpart I of subtitle E of Title IV of ERISA, no Loan Party or any of their ERISA Affiliates would have any liability to a Multiemployer Plan in the event of a complete withdrawal therefrom.

(b) Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (i) each Foreign Plan has been maintained in substantial compliance with its terms and with the requirements of any and all applicable Requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities; (ii) no Loan Party has incurred any material obligation in connection with the termination of or withdrawal from any Foreign Plan; and (iii) the present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan which is funded, determined as of the end of the most recently ended fiscal year of the respective Loan Party, as the case may be, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan, and for each Foreign Plan which is not funded, the obligations of such Foreign Plan are properly accrued.

**SECTION 3.17**

**Environmental Matters**

(a) Except as, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect:

(i) The Companies and their businesses, operations and Real Property are in compliance with, and the Companies have no liability under, any applicable Environmental Law;

(ii) The Companies have obtained all Environmental Permits required for the conduct of their businesses and operations, and the ownership, operation and use of their property, under Environmental Law and all such Environmental Permits are valid and in good standing;

(iii) There has been no Release or threatened Release of Hazardous Material on, at, under or from any Real Property or facility presently or formerly owned, leased or operated by the Companies or their predecessors in interest that could result in liability of the Companies under any applicable Environmental Law;

(iv) There is no Environmental Claim pending or, to the knowledge of the Companies, threatened against the Companies, or relating to the Real Property currently or, to the knowledge of the Companies, formerly owned, leased or operated by the Companies;

(v) No person with an indemnity or contribution obligation to the Companies relating to compliance with or liability under Environmental Law is in default with respect to such obligation.

(vi) No Company is obligated to perform any Response or is conducting or financing any Response pursuant to any Environmental Law with respect to any Real Property or any other location;

(vii) No Real Property or facility owned, operated or leased by the Companies and, to the knowledge of the Companies, no Real Property or facility formerly owned, operated or leased by the Companies or any of their predecessors in interest is (A) listed or proposed for listing on the National Priorities List promulgated pursuant to CERCLA, (B) listed on the Comprehensive Environmental Response, Compensation and Liability Information System promulgated pursuant to CERCLA or (C) included on any similar list maintained by any Governmental Authority;

(viii) No Lien has been recorded or, to the knowledge of any Company, threatened under any Environmental Law with respect to any Real Property or other assets of the Companies; and

(ix) The execution, delivery and performance of this Agreement does not trigger any Governmental Real Property Disclosure Requirements.

**SECTION 3.18**

**Insurance**

Each Company has insurance in such amounts and covering such risks and liabilities as are customary for companies of a similar size engaged in similar businesses in similar locations.

### SECTION 3.19

### Security Documents

(a) Security Agreement. The Security Agreement is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral to the extent that Liens thereon and security interests therein can be created under the UCC and, (i) upon the filing of financing statements in appropriate form in the offices specified on Schedule 4 to the Perfection Certificate and (ii) upon the taking of possession or control by the Collateral Agent of the Security Agreement Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent possession or control by the Collateral Agent is required by each Security Agreement), the Liens created by the Security Agreement constituted and continues to constitute, or shall constitute, fully perfected Liens on, and security interests in, all right, title and interest of the grantors in the Security Agreement Collateral, including registered patents and trademarks, to the extent that such Liens and security interests can be perfected under the UCC by the filing of financing statements (other than fixture filings) and the taking of possession or control (excluding Collateral as to which the provision of possession or control is not required under the Security Agreement), in each case subject to no Liens other than Permitted Liens.

(b) Copyright Office Filing. Upon filing of the Security Agreement or a short form thereof in the United States Copyright Office, the Liens created by such Security Agreement constituted and continues to constitute, or shall constitute, fully perfected Liens on, and security interests in, all right, title and interest of the grantors thereunder in material Copyrights (as defined in such Security Agreement) registered or applied for with the United States Copyright Office, as the case may be, in each case subject to no Liens other than Permitted Liens.

(c) Valid Liens. Each Security Document delivered pursuant to Sections 5.10 and 5.11 will, upon execution and delivery thereof, be effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, all of the Loan Parties' right, title and interest in and to the Collateral thereunder to the extent that Liens thereon and security interests therein can be created under the UCC, and (i) when all appropriate filings are made in the appropriate UCC filing offices as may be required under the UCC and (ii) upon the taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent required by any Security Document), the Liens created by such Security Document will constitute fully perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in such Collateral to the extent that such Liens and security interests can be perfected under the UCC by the filing of financing statements and the taking of possession or control (excluding Collateral as to which the provision of possession or control is not required under the Security Agreement), in each case subject to no Liens other than the applicable Permitted Liens.

### SECTION 3.20

### Anti-Terrorism Laws

(a) No Loan Party, none of its Subsidiaries and, to the knowledge of each Loan Party, none of its Affiliates and none of the respective officers, directors, brokers or agents of such Loan Party, such Subsidiary or Affiliate (i) has violated Anti-Terrorism Laws, (ii) is in violation of Anti-Terrorism Laws, or (iii) has engaged or engages in any transaction, investment, undertaking or activity that conceals the identity, source or destination of the proceeds from any category of offenses designated in any Requirement of Law implementing the "Forty Recommendations" and "Nine Special Recommendations" published by the Organisation for Economic Co-operation and Development's Financial Action Task Force on Money Laundering.

(b) No Loan Party, none of its Subsidiaries and, to the knowledge of each Loan Party, none of its Affiliates and none of the respective officers, directors, brokers or agents of such Loan Party, such Subsidiary or such Affiliate is acting or benefiting in any capacity in connection with the Loans is an Embargoed Person.

(c) Except to the extent authorized or exempted therefrom by or pursuant to any Requirement of Law, no Loan Party, none of its Subsidiaries and, to the knowledge of each Loan Party, none of its Affiliates and none of the respective officers, directors, brokers or agents of such Loan Party, such Subsidiary or such Affiliate acting or benefiting in any capacity in connection with the Loans (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Embargoed Person, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

### **SECTION 3.21**

### **Designation of Senior Indebtedness .**

The principal of and accrued but unpaid interest on the Loans and the Reimbursement Obligations and other obligations in respect of the Letters of Credit, and the Fees and the obligations of Borrower under Hedging Agreements with respect to Indebtedness hereunder, are "Senior Indebtedness," and, by virtue of the next succeeding sentence, are (except for such obligations under such Hedging Agreements) "Designated Senior Indebtedness," in each case within the meaning of the Indenture dated as of March 1, 2010 with respect to the 2010 Convertible Notes. Borrower hereby designates the Loans and Reimbursement Obligations and the Letters of Credit as "Designated Senior Indebtedness" for purposes of such Indenture.

## **ARTICLE IV**

### **CONDITIONS PRECEDENT**

### **SECTION 4.01**

### **Conditions to Effectiveness .**

The effectiveness of this Agreement is subject to prior or concurrent satisfaction of each of the following conditions:

(a) **Loan Documents .**

(i) This Agreement shall have been duly executed and delivered by each of the parties hereto and thereto.

(ii) The Security Agreement and the English Share Charge be in full force and effect.

(b) [intentionally omitted]

(c) **Corporate Documents .** The Administrative Agent shall have received:

(i) a certificate of the secretary, assistant secretary or other officer of each Loan Party dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of each Organizational Document of such Loan Party certified (to the extent applicable) as of a recent date by the Secretary of State of the state of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such

person is a party and, in the case of Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and (C) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary, assistant secretary or other officer executing the certificate in this clause (i));

(ii) a certificate as to the good standing of each Loan Party (in so-called “long-form” if available) as of a recent date, from such Secretary of State (or other applicable Governmental Authority); and

(iii) such other documents as the Lenders, the Issuing Bank or the Administrative Agent may reasonably request.

(d) Officers’ Certificate. The Administrative Agent shall have received a certificate, dated the Closing Date and signed by the chief executive officer or the chief financial officer of Borrower, confirming compliance with the conditions precedent set forth in clauses (i) and (j) of this Section 4.01.

(e) Financial Statements; Projections. The Lenders shall have received (i) the financial statements described in Section 3.04 and (ii) the forecast of the financial performance of Borrower and its Subsidiaries through calendar year 2019.

(f) Opinions of Counsel. The Administrative Agent shall have received, on behalf of itself, the other Agents, the Lead Arrangers, the Lenders and the Issuing Bank, a written legal opinion of (i) Sullivan & Cromwell LLP, special New York counsel for the Loan Parties, substantially in the form of Exhibit K-1 and (ii) Joe Ruble, Executive Vice President, General Counsel, Corporate Secretary and Chief Administrative Officer of Borrower, substantially in the form of Exhibit K-2, in each case (A) dated the Closing Date, (B) addressed to the Agents, the Issuing Bank and the Lenders and (C) covering such matters relating to the Loan Documents as the Administrative Agent shall reasonably request.

(g) Solvency Certificate. The Administrative Agent shall have received a solvency certificate in the form of Exhibit L, dated the Closing Date and signed by the chief financial or chief executive officer of Borrower.

(h) USA PATRIOT Act. The Lenders and the Administrative Agent shall have timely received the information required under Section 10.13.

(i) No Default. No Default shall have occurred and be continuing on the Closing Date.

(j) Representations and Warranties. Each of the representations and warranties made by any Loan Party set forth in Article III hereof or in any other Loan Document shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) on and as of such date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date.

(k) Fees and Expenses. The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date, including (A) fees and expenses due and payable on or prior to the Closing Date under the Engagement Letter and (B) to the extent invoices have been presented therefor at least one Business Day prior to the Closing Date, reimbursement or payment of



all reasonable out-of-pocket expenses required to be reimbursed or paid by any Loan Party under any Loan Document on or prior to the Closing Date.

(l) Repayment of Existing Debt. The Borrower shall have irrevocably instructed the Administrative Agent to apply the proceeds of the Term Loan borrowed under this Agreement to repay all principal, interest and fees under the Existing Credit Agreement.

#### **SECTION 4.02**

#### **Conditions to All Credit Extensions**

The obligation of each Lender and each Issuing Bank to make any Credit Extension shall be subject to the satisfaction (or waiver pursuant to Section 10.02) of each of the conditions precedent set forth below.

(a) Notice. The Administrative Agent shall have received a Borrowing Request as required by Section 2.03 (or such notice shall have been deemed given in accordance with Section 2.03) if Loans are being requested or, in the case of the issuance, amendment, extension or renewal of a Letter of Credit, the Issuing Bank and the Administrative Agent shall have received an LC Request as required by Section 2.18(b) or, in the case of the Borrowing of a Swingline Loan, the Swingline Lender and the Administrative Agent shall have received a Borrowing Request as required by Section 2.17(b).

(b) No Default. No Default shall have occurred and be continuing on (i) such date or after giving effect to the Credit Extensions to be made on (such date and the application of the proceeds thereof or (ii) in the case of any Credit Extension that is an Incremental Term Loan or Incremental Revolving Commitment being used to finance all or a portion of the purchase price in respect of a Permitted Acquisition, the earlier of (A) the date on which the definitive agreements with respect to such Permitted Acquisition are executed and delivered (and on the date of effectiveness of any amendments thereto that effect an increase of more than 5% in the cash portion, if any, of the purchase price thereunder) and (B) the date of consummation of such Permitted Acquisition or after giving pro forma effect to such Permitted Acquisition and such Credit Extension.

(c) Representations and Warranties. Each of the representations and warranties made by any Loan Party set forth in Article III hereof or in any other Loan Document shall be true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date of such Credit Extension with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; *provided* that if such Credit Extension is an Incremental Term Loan or Incremental Revolving Commitment being used to finance all or a portion of the purchase price in respect of a Permitted Acquisition, such representations shall be limited to the Specified Representations.

(d) No Legal Bar. No order, judgment or decree of any Governmental Authority shall purport to restrain such Lender from making any Loans to be made by it. No injunction or other restraining order shall have been issued prohibiting the making of Loans under this Agreement.

(e) USA PATRIOT Act. With respect to Letters of Credit issued for the account of a Subsidiary only, the Lenders and the Administrative Agent shall have timely received the information required under Section 10.13.

Each of the delivery of a Borrowing Request or an LC Request and the acceptance by Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by Borrower and each other Loan Party that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the conditions

contained in Sections 4.02(b) and (c), to the extent applicable, have been satisfied. Borrower shall provide such information as the Administrative Agent may reasonably request to confirm that the conditions in Sections 4.02(b) and (c) have been satisfied.

## ARTICLE V

### AFFIRMATIVE COVENANTS

Each Loan Party warrants, covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than obligations for tax gross-up, yield protection, indemnification or expense reimbursement for which no claim has been made) shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, each Loan Party will, and will cause each of its Subsidiaries to:

#### SECTION 5.01

#### Financial Statements, Reports, etc.

Furnish to the Administrative Agent and each Lender:

(a) Annual Reports. As soon as available and in any event within 90 days (or such earlier date on which Borrower is required to file a Form 10-K under the Exchange Act) after the end of each fiscal year, beginning with the fiscal year ending December 31, 2014, (i) the consolidated balance sheet of Borrower as of the end of such fiscal year and related consolidated statements of income, cash flows and stockholders' equity for such fiscal year, in comparative form with such financial statements as of the end of, and for, the preceding fiscal year, and notes thereto, all prepared in accordance with Regulation S-X and accompanied by an opinion of KPMG LLP or other independent public accountants of recognized national standing (which opinion shall not be qualified as to scope (other than any customary qualifications in respect of businesses, operations or persons acquired pursuant to a Permitted Acquisition for periods prior to the consummation of such Permitted Acquisition) or contain any going concern or like qualification), stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of Borrower as of the dates and for the periods specified in accordance with GAAP, and (ii) a management's discussion and analysis of the financial condition and results of operations of Borrower for such fiscal year, as compared to amounts for the previous fiscal year and budgeted amounts (it being understood that the provision of an annual report on Form 10-K will satisfy the requirements of this Section 5.01(a));

(b) Quarterly Reports. As soon as available and in any event within 45 days (or such earlier date on which Borrower is required to file a Form 10-Q under the Exchange Act) after the end of each of the first three fiscal quarters of each fiscal year, beginning with the fiscal quarter ending March 31, 2015, (i) the consolidated balance sheet of Borrower as of the end of such fiscal quarter and related consolidated statements of income for such fiscal quarter and of income and cash flows for the then elapsed portion of the fiscal year, in comparative form with the consolidated statements of income and cash flows for the comparable periods in the previous fiscal year, all prepared in accordance with Regulation S-X under the Securities Act and accompanied by a certificate of a Financial Officer stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of Borrower as of the date and for the periods specified in accordance with GAAP consistently applied, and on a basis consistent with audited financial statements referred to in clause (a) of this Section, subject to normal year-end audit adjustments and the absence of footnotes, and (ii) a management's discussion and analysis of the financial condition and results of operations for such

fiscal quarter and the then elapsed portion of the fiscal year, as compared to the comparable periods in the previous fiscal year and budgeted amounts (it being understood that the provision of a quarterly report on Form 10-Q will satisfy the requirements of this Section 5.01(b));

(c) Financial Officer's Certificate. (i) Concurrently with any delivery of financial statements under Section 5.01(a) or (b), a Compliance Certificate (A) certifying that no Default has occurred and is continuing or, if such a Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (B) beginning with the fiscal quarter ending March 31, 2015, setting forth computations in reasonable detail satisfactory to the Administrative Agent and demonstrating compliance with the covenants contained in Section 6.09; and (ii) concurrently with any delivery of financial statements under Section 5.01(a) above, beginning with the fiscal year ending December 31, 2014, a report of the accounting firm opining on or certifying such financial statements stating that in the course of its regular audit of the financial statements of Borrower and its Subsidiaries, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm obtained no knowledge that any Default insofar as it relates to financial or accounting matters has occurred or, if in the opinion of such accounting firm such a Default has occurred, specifying the nature and extent thereof;

(d) Financial Officer's Certificate Regarding Collateral. Concurrently with any delivery of financial statements under Section 5.01(a) (beginning with the fiscal year ending December 31, 2014), a certificate of a Financial Officer setting forth the information required pursuant to the Perfection Certificate Supplement or confirming that there has been no change in such information since the date of the Perfection Certificate or latest Perfection Certificate Supplement;

(e) Public Reports. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Company with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed to holders of its Material Borrowed Indebtedness pursuant to the terms of the documentation governing such Indebtedness (or any trustee, agent or other representative therefor), as the case may be; and

(f) Other Information. Promptly, from time to time, such other information regarding the operations, business affairs and financial condition of any Company or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

Financial statements and other documents required to be delivered pursuant to clauses (a) or (b) of this Section 5.01 (to the extent any such financial statements or other documents are included in reports or other materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which (i) Borrower posts such financial statements or other documents, or provides a link thereto, on Borrower's website on the Internet or (ii) such financial statements or other documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that: (i) Borrower shall deliver paper copies of such financial statements and other documents to the Administrative Agent or any Lender that requests Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender, as the case may be, and (ii) Borrower shall notify the Administrative Agent of the posting of any such financial statements and other documents and provide to the Administrative Agent electronic versions (i.e., soft copies) thereof.

**SECTION 5.02****Litigation and Other Notices .**

Furnish to the Administrative Agent and each Lender written notice of the following promptly (and, in any event, within five Business Days after any Financial Officer of Borrower becomes aware thereof):

- (a) any Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;
- (b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit, litigation or proceeding, whether at law or in equity by or before any Governmental Authority, (i) against any Company or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect or (ii) with respect to any Loan Document;
- (c) any development (including with respect to any material contract to which Borrower or any of its Subsidiaries is a party) that has resulted in, or could reasonably be expected to result in a Material Adverse Effect; and
- (d) the incurrence of any material Lien (other than Permitted Liens) on, or claim asserted against any of the Collateral.

**SECTION 5.03****Existence; Businesses and Properties .**

- (a) Do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.05 or Section 6.06 or, in the case of any Subsidiary, where the failure to perform such obligations, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.
- (b) Except to the extent that the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (i) do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, privileges, leases, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; (ii) maintain and operate such business in substantially the manner in which it is presently conducted and operated; (iii) comply with all applicable Requirements of Law (including any and all zoning, building, Environmental Law, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Real Property) and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted; and (iv) at all times maintain, preserve and protect all property material to the conduct of such business and keep such property in good repair, working order and condition (other than wear and tear occurring in the ordinary course of business) and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times; *provided* that nothing in this Section 5.03(b) shall prevent (i) sales of property, consolidations or mergers by or involving any Company in accordance with Section 6.05 or Section 6.06; (ii) the withdrawal by any Company of its qualification as a foreign corporation in any jurisdiction where such withdrawal, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; or (iii) the abandonment by any Company of any rights, franchises, licenses, trademarks, trade names, copyrights or patents that such person reasonably determines are not useful to its business, economically worthwhile to maintain, or no longer commercially desirable.

## SECTION 5.04

## Insurance

(a) Generally. Maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption), and with no more than such risk retentions, as are usually insured against in the same general area by companies of similar size engaged in the same or a similar business.

(b) Requirements of Insurance. All such insurance (other than directors and officers' insurance) shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Collateral Agent of written notice thereof, and (ii) name the Collateral Agent as mortgagee (in the case of property insurance covering any Mortgaged Property) or additional insured on behalf of the Secured Parties (in the case of liability insurance) or loss payee (in the case of property insurance covering any Mortgaged Property), as applicable.

(c) Flood Insurance. With respect to each Mortgaged Property, obtain flood insurance in such total amount as the Administrative Agent or the Required Lenders may from time to time reasonably require, if at any time the area in which any improvements located on any Mortgaged Property is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended from time to time.

(d) Broker's Report. At the request of the Administrative Agent, but no more frequently than once in each fiscal year of Borrower, deliver to the Administrative Agent, the Collateral Agent and the Lenders a report of a reputable insurance broker with respect to such insurance.

## SECTION 5.05

## Taxes

(a) Payment of Taxes. Pay and discharge promptly when due all Taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default; *provided* that such payment and discharge shall not be required with respect to any such Tax, assessment, charge or levy so long as (x)(i) the validity or amount thereof shall be contested in good faith by appropriate proceedings timely instituted and diligently conducted and the applicable Company shall have set aside on its books reserves or other appropriate provisions with respect thereto in accordance with GAAP and (ii) such contest operates to suspend collection of the contested Tax, assessment or charge and enforcement of a Lien other than a Permitted Lien or (y) the failure to pay could not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(b) Filing of Returns. Except to the extent that the failure to do so would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, (i) timely and correctly file all material Tax Returns required to be filed by it and (ii) withhold, collect and remit all Taxes that it is required to collect, withhold or remit.

## SECTION 5.06

## Employee Benefits

(a) Except to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect, comply in all respects with the applicable provisions of ERISA and the Code.

(b) Furnish to the Administrative Agent:

(i) as soon as possible after, and in any event within five days after any Responsible Officer of any Loan Party or any ERISA Affiliate of any Loan Party knows or has reason to know that, any ERISA Event has occurred that, alone or together with any other ERISA Event could be expected to result in liability of the Loan Parties or any of their ERISA Affiliates in an aggregate amount exceeding \$15.0 million, a statement of a Financial Officer of such Loan Party setting forth details as to such ERISA Event and the action, if any, that the Loan Parties propose to take with respect thereto; and

(ii) following receipt of such statement by the Administrative Agent and upon request of the Administrative Agent, copies of

(A) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by any Loan Party or any ERISA Affiliate with the Internal Revenue Service with respect to each plan;

(B) the most recent actuarial valuation report for each Plan;

(C) such other documents or governmental reports or filings relating to any Plan as the Administrative Agent shall reasonably request;

(D) all notices received by any Loan Party or any ERISA Affiliates from a Multiemployer Plan sponsor or any governmental entity concerning an ERISA Event; and

(E) copies of any documents described in Sections 101(k) or 101(l) of ERISA that any Loan Party or any of its ERISA Affiliates may request with respect to any Multiemployer Plan; *provided* that if any Loan Party or any of its ERISA Affiliates has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the applicable Loan Party or ERISA Affiliate shall promptly make a request for such documents or notices from such administrator or sponsor and shall provide copies of such documents and notices to the Administrative Agent promptly after receipt thereof.

#### **SECTION 5.07**

#### **Maintaining Records; Access to Properties and Inspections;**

#### **Annual Meetings.**

(a) Keep proper books of record and account in which, in all material respects, full, true and correct entries in conformity with GAAP and all Requirements of Law are made of all dealings and transactions in relation to its business and activities.

(b) (i) Unless an Event of Default shall have occurred and be continuing, no more frequently than once in each calendar year or (ii) if an Event of Default shall have occurred and be continuing, as often as may reasonably be desired, and in any case upon notice to Borrower or its applicable Subsidiary, during normal business hours, permit representatives of the Administrative Agent (accompanied by representatives of any Lender that shall elect to participate) to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and to discuss the business, operations, properties and financial and other condition of Borrower and its Subsidiaries with officers and employees of Borrower and its Subsidiaries and, so long as the Administrative Agent shall have given Borrower reasonable notice thereof and a reasonable opportunity to participate therein, its independent certified public accountants.

(c) Within 120 days after the end of each fiscal year of Borrower, at the request of the Administrative Agent, hold a meeting (at a mutually agreeable location, venue and time or, at the option of Borrower, by conference call, the costs of such venue or call to be paid by Borrower) with all Lenders who choose to attend such meeting (or conference call), at which meeting (or conference call) shall be reviewed the financial results of the previous fiscal year and the financial condition of the Companies.

**SECTION 5.08**

**Use of Proceeds .**

Use the proceeds of the Loans only for the purposes set forth in Section 3.12 and request the issuance of Letters of Credit only for working capital and general corporate purposes.

**SECTION 5.09**

**Compliance with Environmental Laws.**

Except to the extent that the failure to do so would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect: comply, and use reasonable efforts to cause all of its lessees and other persons occupying any Real Property owned, operated or leased by any Company to comply, in all material respects with all Environmental Laws and Environmental Permits applicable to its operations and its Real Property; obtain and renew all material Environmental Permits applicable to its operations and any of its Real Property; and conduct all Responses required of the Company by, and in accordance with, Environmental Laws; *provided* that no Company shall be required to undertake any Response to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

**SECTION 5.10**

**Additional Collateral; Additional Subsidiary Guarantors .**

(a) Subject to this Section 5.10, with respect to any property acquired after the Closing Date by any Loan Party that is intended to be subject to the Lien created by any of the Security Documents but is not so subject, promptly (and in any event within 30 days after the acquisition thereof) (i) execute and deliver to the Administrative Agent and the Collateral Agent such amendments or supplements to the relevant Security Documents or such other documents as the Administrative Agent or the Collateral Agent shall deem necessary or advisable to grant to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a Lien on such property subject to no Liens other than Permitted Liens, and (ii) take all actions necessary to cause such Lien to be duly perfected to the extent required by such Security Document in accordance with all applicable Requirements of Law, including the filing of financing statements in such jurisdictions as may be reasonably requested by the Administrative Agent and, in the case of stock certificates in respect of Capital Stock of any Subsidiaries and other stock certificates and instruments having a face amount or value as reasonably determined by Borrower in excess of \$10.0 million, the delivery thereof together with appropriate transfer forms duly executed in blank. Borrower shall otherwise take such actions and execute and/or deliver to the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall reasonably require to confirm the validity, perfection and priority of the Lien of the Security Documents on such after-acquired properties.

(b) With respect to any person that is or becomes a Subsidiary after the Closing Date, promptly (and in any event within 30 days after such person becomes a Subsidiary) (i) deliver to the Collateral Agent the certificates, if any, representing all of the Equity Interests of such Subsidiary that constitute certificated securities, together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of the holder(s) of such Equity Interests, and all intercompany notes owing from such Subsidiary to any Loan Party evidencing



obligations in, or which are reasonably likely at any time prior to the Term Loan Maturity Date to be in, a principal amount in excess of \$10.0 million together with instruments of transfer executed and delivered in blank by a duly authorized officer of such Loan Party, and (ii) cause such new Subsidiary (A) to execute a Joinder Agreement or such comparable documentation to become a Subsidiary Guarantor and a joinder agreement to the applicable Security Agreement, substantially in the form annexed thereto and (B) to take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent to cause the Lien created by the applicable Security Agreement to be duly perfected to the extent required by such agreement in accordance with all applicable Requirements of Law, including the filing of financing statements in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent. Notwithstanding the foregoing, (1) the Equity Interests required to be delivered to the Collateral Agent pursuant to clause (i) of this Section 5.10(b) shall not include any Equity Interests of a Foreign Subsidiary, a Domestic Holding Company Subsidiary or a De Minimus Subsidiary, (2) no Foreign Subsidiary or De Minimus Subsidiary shall be required to take the actions specified in clause (ii) of this Section 5.10(b) and (3) no Domestic Holding Company Subsidiary shall be required to take the actions specified in clause (ii) of this Section 5.10(b) to the extent that such action would cause such Subsidiary's obligation as a Subsidiary Guarantor to be with recourse to more than 65% of the outstanding Equity Interests held by such Subsidiary in Foreign Subsidiaries which, pursuant to clause (1) above (subject to the proviso to this Section 5.10(b)), are not required to be pledged by such Subsidiary, *provided* that the exception set forth in clause (1) shall not apply to (A) Voting Stock of any Subsidiary (other than a De Minimus Subsidiary) which is a first-tier controlled foreign corporation (as defined in Section 957(a) of the Code), or a Domestic Holding Company Subsidiary, representing 65% of the total voting power of all outstanding Voting Stock of such Subsidiary and (B) 100% of the Equity Interests not constituting Voting Stock of any such Subsidiary, except that any such Equity Interests constituting "stock entitled to vote" within the meaning of Treasury Regulation Section 1.956-2(c)(2) shall be treated as Voting Stock for purposes of this Section 5.10(b).

(c) Promptly grant to the Collateral Agent, within 30 days of the acquisition thereof, a security interest in and Mortgage on each Real Property owned in fee by such Loan Party as is acquired by such Loan Party after the Closing Date and that, together with any improvements thereon, individually has a fair market value of at least \$10.0 million, in each case, as additional security for the Secured Obligations (unless the subject property is already mortgaged to a third party to the extent permitted by Section 6.02). Such Mortgages shall be granted pursuant to documentation reasonably satisfactory in form and substance to the Administrative Agent and the Collateral Agent and shall constitute valid and enforceable perfected Liens subject only to Permitted Liens or other Liens acceptable to the Collateral Agent. The Mortgages or instruments related thereto shall be duly recorded or filed in such manner and in such places as are required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Mortgages and all taxes, fees and other charges payable in connection therewith shall be paid in full. Such Loan Party shall otherwise take such actions and execute and/or deliver to the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall require to confirm the validity, perfection and priority of the Lien of any existing Mortgage or new Mortgage against such after-acquired Real Property (including, if reasonably requested by the Collateral Agent, a title policy and a survey (in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent) in respect of such Mortgage).

## **SECTION 5.11**

## **Security Interests; Further Assurances.**

Except as expressly contemplated by the Security Documents, promptly, upon the reasonable request of the Administrative Agent or the Collateral Agent at Borrower's expense, execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise



deemed by the Administrative Agent or the Collateral Agent reasonably necessary for the continued validity, perfection and priority of the Liens on the Collateral covered thereby subject to no other Liens except as permitted by the applicable Security Document, or obtain any consents or waivers as may be necessary or appropriate in connection therewith. Except as expressly contemplated by the Security Documents, deliver or cause to be delivered to the Administrative Agent and the Collateral Agent from time to time such other documentation, consents, authorizations, approvals and orders in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent as the Administrative Agent and the Collateral Agent shall reasonably deem necessary to perfect or maintain the Liens on the Collateral pursuant to the Security Documents. Upon the exercise by the Administrative Agent, the Collateral Agent of any power, right, privilege or remedy pursuant to any Loan Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, execute and deliver all applications, certifications, instruments and other documents and papers that the Administrative Agent or the Collateral Agent may reasonably require.

## **SECTION 5.12**

### **Information Regarding Collateral.**

(a) Not effect any change (i) in any Loan Party's legal name, (ii) in any Loan Party's identity or organizational structure, (iii) in any Loan Party's Federal Taxpayer Identification Number or organizational identification number, if any, or (iv) in any Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), until (A) it shall have given the Collateral Agent and the Administrative Agent not less than 30 days' prior written notice, or such lesser notice period agreed to by the Collateral Agent, of its intention so to do, clearly describing such change and providing such other information in connection therewith as the Collateral Agent or the Administrative Agent may reasonably request and (B) it shall have taken all action reasonably satisfactory to the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, if applicable. Each Loan Party agrees to promptly provide the Collateral Agent with certified Organizational Documents reflecting any of the changes described in the preceding sentence. For the avoidance of doubt, this Section 5.12(a) shall not apply to any Asset Sale permitted under Section 6.06 or any transaction permitted under Section 6.05(e).

(b) Concurrently with the delivery of financial statements pursuant to Section 5.01(a) (beginning with the fiscal year ending December 31, 2014), deliver to the Administrative Agent and the Collateral Agent a Perfection Certificate Supplement and a certificate of a Financial Officer and the chief legal officer of Borrower certifying that all UCC financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction necessary to protect and perfect the security interests and Liens under the Security Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

## **SECTION 5.13**

### **Control Agreements.**

Borrower shall determine the aggregate balance of cash and Cash Equivalents of all Loan Parties in accounts (other than (i) each deposit account, the funds in which are used, in the ordinary course of business, solely for the payment of salaries and wages, workers' compensation, pension benefits and similar expenses or taxes related thereto, (ii) each deposit account the funds in which consist solely of employee flexible spending account deposits and (iii) each deposit account, the funds in which are used, in the ordinary course of business, solely for the payment of customer refunds) not subject to Control Agreements or other appropriate control agreements in favor of the Collateral Agent in form and

substance reasonably satisfactory to the Administrative Agent, and if such aggregate balance shall at any exceed \$15.0 million for a period of 5 consecutive days, Borrower shall promptly eliminate such excess from such accounts or shall within 30 days enter, or cause the applicable Loan Parties to enter, into one or more Control Agreements or other appropriate control agreements in favor of the Collateral Agent in form and substance reasonably satisfactory to the Administrative Agent so that there shall not thereafter be any such excess; provided, however, that Borrower shall have 60 days after the Closing Date (or such longer period as the Administrative Agent shall agree in its sole discretion) to obtain such Control Agreements or other appropriate control agreements.

**SECTION 5.14**

**Post-Closing Date Matters** .

Satisfy each covenant set forth on Schedule 5.14 on or before the date set forth with respect thereto.

**ARTICLE VI**

**NEGATIVE COVENANTS**

Each Loan Party warrants, covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than obligations for tax gross-up, yield protection, indemnification or expense reimbursement for which no claim has been made) have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, no Loan Party will, nor will it cause or permit any of its Subsidiaries to:

**SECTION 6.01**

**Indebtedness** .

Incur, create, assume or permit to exist, directly or indirectly, any Indebtedness, except

(a) Indebtedness incurred under this Agreement and the other Loan Documents;

(b) (i) Indebtedness outstanding on the Closing Date that is, except in the case of any such Indebtedness among Borrower and its Subsidiaries or such other Indebtedness in a principal amount of less than \$1.0 million, listed on Schedule 6.01(b), (ii) refinancings or renewals thereof; *provided* that (A) any such refinancing Indebtedness is in an aggregate principal amount not greater than the aggregate principal amount of the Indebtedness being renewed or refinanced, *plus* the amount of any premiums required to be paid thereon and reasonable fees and expenses associated therewith, (B) such refinancing Indebtedness has a later or equal final maturity and longer or equal weighted average life than the Indebtedness being renewed or refinanced and (C) if such Indebtedness is subordinated to any of the Obligations, such refinancing Indebtedness shall be subordinated thereto;

(c) Indebtedness under Hedging Obligations with respect to interest rates, foreign currency exchange rates or commodity prices, in each case not entered into for speculative purposes;

(d) Indebtedness permitted by Section 6.04(e);

(e) Indebtedness in respect of Purchase Money Obligations and Capital Lease Obligations, and refinancings or renewals thereof, in an aggregate amount not to exceed \$30.0 million at any time outstanding;

(f) Indebtedness incurred by Foreign Subsidiaries in an aggregate amount not to exceed \$20.0 million at any time outstanding;

(g) Indebtedness in respect of bid, performance or surety bonds, workers' compensation claims, health, disability or other employee benefits, property, cash or liability insurance or self-insurance and bankers acceptances issued for the account of any Company in the ordinary course of business, including guarantees or obligations of any Company with respect to letters of credit supporting such bid, performance or surety bonds, workers' compensation claims, health, disability or other employee benefits, property, cash or liability insurance or self-insurance obligations and bankers acceptances (in each case other than for an obligation for money borrowed);

(h) Contingent Obligations of any Loan Party in respect of Indebtedness otherwise permitted under this Section 6.01;

(i) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of incurrence;

(j) Indebtedness arising from agreements of Borrower or any Subsidiary providing for indemnification, purchase price adjustment or similar obligations, in each case incurred or assumed in connection with a Permitted Acquisition or an Asset Sale permitted hereunder, but excluding any guarantee by Borrower or any Subsidiary of Indebtedness incurred by the person acquiring the property sold pursuant to any such Asset Sale for the purpose of financing such person's acquisition of such property;

(k) Indebtedness of any person acquired pursuant to a Permitted Acquisition, which Indebtedness was not incurred in contemplation of such Permitted Acquisition, and refinancings and renewals thereof; *provided* that (i) any such refinancing Indebtedness is in an aggregate principal amount not greater than the aggregate principal amount of the Indebtedness being renewed or refinanced, *plus* the amount of any interest and premiums required to be paid thereon and reasonable fees and expenses associated therewith, (ii) such refinancing Indebtedness has a later or equal final maturity and longer or equal weighted average life than the Indebtedness being renewed or refinanced, (iii) if such Indebtedness is subordinated to any of the Obligations, such refinancing Indebtedness shall be subordinated thereto and (iv) the aggregate amount of Indebtedness permitted to be outstanding under this Section 6.01(k) shall not exceed \$25.0 million at any time;

(l) Indebtedness consisting of the financing of insurance premiums incurred in the ordinary course of business;

(m) unsecured Indebtedness of Borrower, or secured Indebtedness of Borrower secured by Liens permitted by Section 6.02(o); *provided* that (i) at the time of the incurrence thereof no Event of Default shall exist or would result therefrom, (ii) after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof, Borrower shall be in compliance on a Pro Forma Basis as of the last day of the most recently completed Test Period with Sections 6.09(a) and (b) and the Total Leverage Ratio on a Pro Forma Basis as of the last day of the most recently completed Test Period does not exceed 4.00 to 1.0 and (iii) such Indebtedness shall have (A) a maturity date that is at least six months later than the then Final Maturity Date and (B) no scheduled amortization prior to such maturity date;

(n) one or more letter of credit facilities (in US dollars or any foreign currencies) of no more than \$20 million in aggregate, and any Indebtedness thereunder; and

(o) other unsecured Indebtedness of any Company in an aggregate amount not to exceed \$10.0 million at any time

## SECTION 6.02

### Liens

Create, incur, assume or permit to exist, directly or indirectly, any Lien on any property now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, the “**Permitted Liens**”):

(a) Liens for Taxes, assessments or governmental charges or levies not yet due and payable or delinquent and Liens for Taxes, assessments or governmental charges or levies, which are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP;

(b) Liens in respect of property of any Company imposed by Requirements of Law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers’, warehousemen’s, materialmen’s, landlords’, workmen’s, suppliers’, repairmen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business, that are not overdue for a period of more than 30 days or which, if they secure obligations that are then due and unpaid, are being contested in good faith by appropriate proceedings;

(c) any Lien in existence on the Closing Date that is, except in the case of any such Lien securing obligations in a principal amount less than \$1.0 million, set forth on Schedule 6.02(c) and any Lien granted as a replacement or substitute therefor; *provided* that any such replacement or substitute Lien (i) except as permitted by Section 6.01(b)(ii)(A), does not secure an aggregate amount of Indebtedness, if any, greater than that secured on the Closing Date and (ii) does not encumber any property (or type of property) other than the property (or type of property) subject thereto on the Closing Date (any such Lien, an “**Existing Lien**”);

(d) easements, rights-of-way, restrictions (including zoning restrictions), covenants, licenses, encroachments, protrusions and other similar charges or encumbrances, and minor title deficiencies on or with respect to any Real Property, in each case whether now or hereafter in existence, not (i) individually or in the aggregate materially impairing the value or marketability of such Real Property or (ii) individually or in the aggregate materially interfering with the ordinary conduct of the business of the Companies at such Real Property;

(e) Liens arising out of judgments, attachments or awards not resulting in an Event of Default;

(f) Liens (x) imposed by Requirements of Law, or deposits made in the ordinary course of business in connection with, workers’ compensation, unemployment insurance and other types of social security legislation, (y) incurred in the ordinary course of business to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or (z) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers; *provided* that with respect to clauses (x), (y) and (z) of this paragraph (f), such Liens are for amounts not overdue for more than 30 days or, to the extent such amounts are so overdue, such amounts are being contested in good faith by appropriate proceedings;

(g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Company in the ordinary course of business;

(h) Liens securing Indebtedness incurred pursuant to Section 6.01(e); *provided* that any such Liens attach only to the property being developed, constructed, leased or purchased with the proceeds of such Indebtedness and do not encumber any other property of any Company (other than improvements thereon);

(i) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Company, in each case granted in the ordinary course of business in favor of the bank, banks, securities intermediary or securities intermediaries with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; *provided* that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness, other than Indebtedness of the type referred to in Section 6.01(i) or obligations in respect of dishonored or returned items;

(j) Liens on property of a person existing at the time such person is acquired or merged with or into or consolidated with any Company to the extent permitted hereunder (and not created in anticipation or contemplation thereof) and replacements and refinancings thereof; *provided* that such Liens do not extend to property not subject to such Liens at the time of acquisition (other than improvements thereon) and, in the case of any such replacement or refinancing Liens, are no more favorable to the lienholders than such existing Lien;

(k) Liens granted pursuant to the Security Documents to secure the Secured Obligations;

(l) leases, licenses, subleases and sublicenses granted by any Company in the ordinary course of business and not interfering in any material respect with the ordinary conduct of business of the Companies;

(m) the filing of UCC financing statements solely as a precautionary measure in connection with operating leases or consignment of goods;

(n) Liens securing Indebtedness incurred pursuant to Section 6.01(f); *provided* that (i) such Liens do not extend to, or encumber, property which constitutes Collateral and (ii) such Liens extend only to the property (or Equity Interests) of the Foreign Subsidiary incurring such Indebtedness;

(o) Liens securing secured Indebtedness permitted by Section 6.01(m) (including Contingent Obligations in respect thereof permitted by Section 6.01(h)) on Collateral; *provided* that such Liens are subordinated to the Liens of the Security Documents pursuant to, and are otherwise subject to, an intercreditor agreement reasonably satisfactory to the Administrative Agent and the Collateral Agent as evidenced by their execution and delivery thereof;

(p) the interest or title of a lessor under any lease entered into by Borrower or any of its Subsidiaries as lessee and covering only the property so leased;

(q) any interest of any licensor in any Intellectual Property licensed by Borrower or any Subsidiary;

(r) Liens arising as a matter of law to secure the purchase of goods purchased by Borrower or any Subsidiary, *provided* that the only obligations secured thereby are trade accounts payable with respect to the purchase of such goods arising in the ordinary course of business and the only property subject to such Liens are the goods so purchased and any title document in respect thereof;

(s) Liens on property existing at the time Borrower or any Subsidiary acquired such property (and not created in anticipation or contemplation thereof) and replacements and refinancings thereof; *provided* that such Liens do not extend to property not subject to such Liens at the time of acquisition (other than improvements thereon) and, in the case of any such replacement or refinancing Liens, are no more favorable to the lienholders than such existing Lien;

(t) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 6.04, *provided* that such Liens do not extend to any assets other than the assets subject to such repurchase agreement;

(u) Liens on specific goods and proceeds thereof securing Borrower's or any Subsidiary's obligations in respect of letters of credit issued or created for the account of Borrower or such Subsidiary in the ordinary course of business to facilitate the purchase, storage or shipment of such goods;

(v) Liens securing reimbursement obligations and related interest, fees and expenses with respect to trade letters of credit permitted hereunder, *provided* that such Liens do not extend to any property other than the goods financed by, or purchased by means of, such letters of credit and documents of title in respect thereof; and

(w) Liens not otherwise permitted by this Section 6.02 securing Indebtedness or other obligations of Borrower or any Subsidiaries so long as the aggregate outstanding principal amount of the obligations secured thereby does not exceed \$20.0 million at any one time.

*provided, however*, that no consensual Liens shall be permitted to exist, directly or indirectly, on any Securities Collateral, other than Liens granted pursuant to the Security Documents and as permitted in Section 6.02(o).

### **SECTION 6.03**

### **Sale and Leaseback Transactions**

Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "**Sale and Leaseback Transaction**") unless (i) the sale of such property is permitted by Section 6.06 and (ii) any Liens arising in connection with its use of such property are permitted by Section 6.02.

### **SECTION 6.04**

### **Investment, Loan, Advances and Acquisition**

Directly or indirectly, lend money or credit (by way of guarantee or otherwise) or make advances to any person, or purchase or acquire any Equity Interests, bonds, notes, debentures, guarantees or other obligations or securities of, or any other interest in, or make any capital contribution to, any other person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or purchase or acquire (in one transaction or a series of transactions) any assets (all of the foregoing, collectively, "**Investments**"), except that the following shall be permitted:

(a) Investments outstanding on the Closing Date and that are, in the case of any Investment other than an Investment among Borrower and its Subsidiaries or that has a book value of less than \$1.0 million, identified on Schedule 6.04(a);

- (b) the Companies may (i) acquire and hold accounts receivables owing to any of them if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary terms, (ii) invest in, acquire and hold Cash Equivalents, (iii) endorse negotiable instruments held for collection in the ordinary course of business or (iv) make lease, utility and other similar deposits in the ordinary course of business;
- (c) Hedging Obligations incurred pursuant to Section 6.01(c);
- (d) loans and advances to directors, employees and officers of Borrower and its Subsidiaries for *bona fide* business purposes;
- (e) Investments (i) by any Company in Borrower or any existing Subsidiary Guarantor, (ii) by a Subsidiary that is not a Subsidiary Guarantor in any other Subsidiary that is not a Subsidiary Guarantor and (iii) by Borrower or any Subsidiary Guarantor in any Subsidiary that is not a Subsidiary Guarantor, *provided* that after giving effect to any Investment under this Section 6.04(e)(iii) and the contemplated use of proceeds thereof, the Minimum Domestic Percentage Test shall be satisfied; *provided* that any Investment pursuant to this clause (e) that is in Indebtedness of any Loan Party to any Subsidiary that is not a Loan Party shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Administrative Agent in connection with any insolvency proceeding with respect to the Obligor thereof;
- (f) Investments in trade creditors or customers in the ordinary course of business received upon foreclosure, in satisfaction of judgments or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;
- (g) Permitted Acquisitions;
- (h) mergers and consolidations in compliance with Section 6.05;
- (i) Investments made by Borrower or any Subsidiary as a result of consideration received in connection with an Asset Sale made in compliance with Section 6.06;
- (j) to the extent permitted by Section 6.09(d), Capital Expenditures made by Borrower or any Subsidiary on behalf of itself or as would otherwise be permitted pursuant to Section 6.04(e);
- (k) purchases and other acquisitions of inventory, materials, equipment, tangible or intangible property, supplies or services in the ordinary course of business;
- (l) leases of real or personal property in the ordinary course of business;
- (m) contributions of any Equity Interest in any Foreign Subsidiary to any other Foreign Subsidiary;
- (n) Investments to the extent that the consideration therefore consists of Qualified Capital Stock of Borrower or the proceeds of the issuance of Qualified Capital Stock of Borrower;
- (o) loans and advances to officers, directors and employees of Borrower and its Subsidiaries for the sole purpose of purchasing Qualified Capital Stock of Borrower or of refinancing any such loans made by others (or purchase of such loans made by others), *provided* that if any such loans and advances are made in cash, the person making such loans or advances shall, substantially

contemporaneously with the making of any such loans or advances, receive cash in the amount of such loans and advances;

(p) Investments by Borrower or any Subsidiary in any joint venture, *provided* that the aggregate consideration (other than any such consideration consisting of licenses of Intellectual Property that do not constitute Asset Sales) paid by Borrower or such Subsidiary in respect of such Investments shall not exceed \$20.0 million in the aggregate at any one time outstanding for all such joint ventures; and

(q) other Investments in an aggregate amount not to exceed \$10.0 million at any time outstanding.

An Investment shall be deemed to be outstanding to the extent not returned in the same form as the original Investment to the person making or holding such Investment.

#### **SECTION 6.05**

#### **Mergers and Consolidations**

Wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation (or agree to do any of the foregoing at any future time), except that the following shall be permitted:

(a) Asset Sales in compliance with Section 6.06;

(b) Investments in compliance with Section 6.04;

(c) any Company may merge or consolidate with or into Borrower or any Subsidiary Guarantor (as long as Borrower is the surviving person in the case of any merger or consolidation involving Borrower and a Subsidiary which is or becomes a Subsidiary Guarantor is the surviving person in any other case); *provided* that the Lien on and security interest in any property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained or created in accordance with the provisions of Section 5.10 or Section 5.11, as applicable;

(d) any Foreign Subsidiary may merge or consolidate with or into any other Foreign Subsidiary;  
and

(e) any Subsidiary may dissolve, liquidate or wind up its affairs at any time; *provided* that such dissolution, liquidation or winding up, as applicable, could not reasonably be expected to have a Material Adverse Effect.

To the extent the Required Lenders or all the Lenders, as applicable, waive the provisions of this Section 6.05 with respect to the sale or other transfer of any Collateral, or any Collateral is sold or otherwise transferred as permitted by this Section 6.05 (other than, in either case, a sale or transfer to Borrower or any Subsidiary Guarantor), such Collateral shall be sold, free and clear of the Liens created by the Security Documents, and, so long as Borrower shall have provided the Agents such certifications or documents as any Agent shall reasonably request in order to demonstrate compliance with this Section 6.05, the Agents shall take all actions as are reasonably requested by Borrower in order to evidence or effect the foregoing.

#### **SECTION 6.06**

#### **Asset Sales**

Effect any Asset Sale, or agree to effect any Asset Sale, except that the following shall be permitted:



(a) disposition of used, worn out, obsolete or surplus property by any Company in the ordinary course of business and the abandonment or other disposition of Intellectual Property that is, in the reasonable judgment of Borrower, no longer economically worthwhile to maintain or otherwise useful in the conduct of the business of the Companies taken as a whole;

(b) Asset Sales at fair market value; *provided* that (i) the aggregate fair market value of assets disposed in respect of all Asset Sales pursuant to this clause (b) shall not exceed \$40.0 million in any fiscal year of Borrower (*provided*, *however*, that if the aggregate amount of Asset Sales made under this Section 6.06(b) (including Section 6.06(b) under the Existing Credit Agreement) in any fiscal year (beginning with the fiscal year ending December 31, 2014) shall be less than the maximum amount of Asset Sales permitted under this Section 6.06(b) for such fiscal year (after giving effect to any carryover), then the amount of such shortfall shall be added to the amount of Asset Sales permitted under this Section 6.06(b) for the immediately succeeding fiscal year) and (ii) at least 75% of the purchase price for all property subject to such Asset Sale shall be paid to Borrower or such Subsidiary solely in cash and Cash Equivalents;

- (c) leases of real or personal property in the ordinary course of business;
- (d) mergers and consolidations in compliance with Section 6.05;
- (e) Investments in compliance with Section 6.04;
- (f) Dividends in compliance with Section 6.07;
- (g) other Asset Sales described in writing to the Administrative Agent prior to the Closing Date;
- (h) [intentionally omitted]; and
- (i) other Asset Sales for aggregate consideration not to exceed \$10.0 million in any fiscal year.

To the extent the Required Lenders or all the Lenders, as applicable, waive the provisions of this Section 6.06 with respect to the sale or other transfer of any Collateral, or any Collateral is sold or otherwise transferred as permitted by this Section 6.06 (other than, in either case, a sale or transfer to Borrower or any Subsidiary Guarantor) such Collateral shall be sold free and clear of the Liens created by the Security Documents, and, so long as Borrower shall have provided the Agents such certifications or documents as any Agent shall reasonably request in order to demonstrate compliance with this Section 6.06, the Agents shall take all actions that are reasonably requested by Borrower in order to evidence or effect the foregoing. For purposes of Section 6.06(b)(ii), the following shall be deemed to be cash: (a) the assumption of any liabilities of Borrower or any Subsidiary with respect to, and the release of Borrower or such Subsidiary from all liability in respect of, any Indebtedness of Borrower or the Subsidiaries permitted hereunder (in the amount of such Indebtedness) that is due and payable within one year of the consummation of such Asset Sale and (b) securities received by Borrower or any Subsidiary from the transferee that are immediately convertible into cash without breach of their terms or the agreement pursuant to which they were purchased and that are promptly converted by Borrower or such Subsidiary into cash.

## **SECTION 6.07**

## **Dividends**

Authorize, declare or pay, directly or indirectly, any Dividends with respect to any Company, except that the following shall be permitted:

(a) Dividends by any Company to Borrower or any other Company which is a parent of such Company (and to any other stockholder thereof on a basis not more favorable to such other stockholder than ratable with such parent);

(b) (I) at any time that the First-Lien Leverage Ratio is less than 2.00 to 1.00 on a Pro Forma Basis, an unlimited amount of Dividends (including without limitation repurchase of any Comcast Warrants); and (II) at any time that the First-Lien Leverage Ratio equals or exceeds 2.00 to 1.00 on a Pro Forma Basis, Dividends (including without limitation repurchase of any Comcast Warrants) in an aggregate amount as determined (w) in the case of dividends or other distributions to the holders of Borrower's Equity Interests generally, at the time of declaration thereof, (x) in the case of any redemption of any Equity Interests, at the time irrevocable notice of redemption is given, (y) in the case of any purchase, redemption or other acquisition of any Equity Interests made pursuant to a contract, instruction or plan complying with Rule 10b5-1 of the rules and regulations of the Securities and Exchange Commission promulgated under the Exchange Act (a " **10b5-1 Trading Plan** "), at the time irrevocable instructions are given by Borrower to commence such 10b5-1 Trading Plan and (z) otherwise, at the time of payment thereof, equal to, in the aggregate, (i) the sum of (x) \$75.0 million and (y) the sum of (A) 50% of the sum of the Consolidated Net Income from the beginning of the first fiscal quarter of Borrower commencing on or after the Closing Date through the end of the most recently completed fiscal quarter (taken as one accounting period) (and minus 100% of any such Consolidated Net Income that is negative) and (B) 100% of the Net Cash Proceeds of any Equity Issuances and the fair market value of all other property and marketable securities received by Borrower in connection with any other Equity Issuance, in each case after the Closing Date ( *provided* that the amount calculated pursuant to this clause (y) shall not be less than \$0) less (ii) the aggregate amount of payments, prepayments, redemptions and acquisitions made pursuant to Section 6.10(a)(ii)(y); *provided* that, in the case of clause (II), at the time of the applicable declaration, irrevocable redemption notice, irrevocable instructions or payment, as the case may be, no Event of Default shall exist or would result therefrom and, in the case of any Dividend in excess of \$1.0 million after giving effect to such Dividend and to any incurrence of Indebtedness in connection therewith, Borrower is in compliance on a Pro Forma Basis as of the most recently completed Test Period with Section 6.09(a); *provided further* that, for the avoidance of doubt, any Dividend paid or payable pursuant to clause (I) of this Section 6.07(b) shall not reduce or count against the amount of Dividends permitted under any other provision of this Section 6.07, including without limitation clause (II) of this Section 6.07(b);

(c) Borrower may (i) repurchase shares of "Restricted Stock" and "Performance Stock" sold pursuant to the CSG Employee Stock Purchase Plan from a holder of such Equity Interests in Borrower whose employment with Borrower and its Subsidiaries has terminated, provided that the repurchase price paid for any such Restricted Stock or Performance Stock shall not exceed, in the case of Performance Stock, the purchase price initially paid by such Person for such Performance Stock or, in the case of Restricted Stock, the higher of the purchase price initially paid by such Person for such Restricted Stock or the Book Value (as defined in the applicable purchase agreement) of such Restricted Stock, (ii) repurchase options and warrants (or Equity Interests in Borrower issued upon the exercise of options or warrants) in connection with the "cashless exercise" of options or warrants and (iii) repurchase Equity Interests of Borrower issued pursuant to a stock incentive plan of Borrower or any of its Subsidiaries in such amounts as may be necessary to satisfy the tax withholding requirements under applicable law with respect to such Equity Interests in Borrower.

## **SECTION 6.08**

## **Transactions with Affiliates .**

Enter into, directly or indirectly, any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of any Company (other than between or among Borrower and one or more Subsidiaries), other than any transaction or series of related

transactions on terms and conditions at least as favorable to such Company as would reasonably be obtained by such Company at that time in a comparable arm's-length transaction with a person other than an Affiliate, except that the following shall be permitted:

- (a) Dividends permitted by Section 6.07;
- (b) Investments permitted by Sections 6.04(d), (e) and (m);
- (c) reasonable and customary director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements;
- (d) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods and services, in each case in the ordinary course of business and otherwise not prohibited by the Loan Documents;
- (e) the existence of, and the performance by any Loan Party of its obligations under the terms of, any limited liability company, limited partnership or other Organizational Document or securityholders or other agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party on the Closing Date and similar agreements that it may enter into thereafter; *provided, however*, that the existence of, or the performance by any Loan Party of obligations under, any amendment to any such existing agreement or any such similar agreement entered into after the Closing Date shall only be permitted by this Section 6.08(e) to the extent not more adverse to the interest of the Lenders in any material respect, when taken as a whole, than any of such documents and agreements as in effect on the Closing Date;
- (f) sales of Qualified Capital Stock of Borrower to Affiliates of Borrower not otherwise prohibited by the Loan Documents and the granting of registration and other customary rights in connection therewith; and
- (g) any transaction with an Affiliate where the only consideration paid by any Loan Party is Qualified Capital Stock of Borrower.

#### **SECTION 6.09**

#### **Financial Covenants**

- (a) Maximum Total Leverage Ratio. Permit the Total Leverage Ratio, as of the last day of any Test Period, to exceed 4.00 to 1.00.
- (b) Maximum First-Lien Leverage Ratio. Permit the First-Lien Leverage Ratio, as of the last day of any Test Period, to exceed 2.50 to 1.00.
- (c) Minimum Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio, for any Test Period, to be less than 2.00 to 1.00.
- (d) Limitation on Capital Expenditures. Permit the aggregate amount of Capital Expenditures made in any fiscal year of Borrower, to exceed the greater of (i) \$40.0 million and (ii) the amount equal to 10% of the Consolidated Total Assets Less Goodwill as of the end of the most recently completed fiscal year of Borrower after giving effect on a Pro Forma Basis to any subsequent Permitted Acquisitions; *provided, however*, that if the aggregate amount of Capital Expenditures made in any fiscal year (beginning with the fiscal year ending December 31, 2014) shall be less than the maximum amount of Capital Expenditures permitted under this Section 6.09(d) (including Section 6.09(d) of the Existing Credit Agreement) for such fiscal year (after giving effect to any carryover), then the amount of such

shortfall not exceeding 50% of such maximum shall be added to the amount of Capital Expenditures permitted under this Section 6.09(d) for the immediately succeeding fiscal year.

**SECTION 6.10**  
**Organizational Documents and Other Documents, etc.**

**Prepayments of Other Indebtedness; Modifications of**

So long as any Term Loans are outstanding, directly or indirectly:

(a) make (or give any notice in respect thereof) any optional payment or prepayment of principal on or optional redemption or acquisition for value of any issuance of Indebtedness in an aggregate principal amount of not less than \$30.0 million permitted by Section 6.01(m) (any of the foregoing, “**Material Borrowed Indebtedness**”), except (i) any payment to the extent made with Qualified Capital Stock of Borrower, and (ii) optional payments, prepayments, redemptions and acquisitions (x) made at any time that the First-Lien Leverage Ratio is less than 2.00 to 1.00 on a Pro Forma Basis or (y) if made at any time that the First-Lien Leverage Ratio equals or exceeds 2.00 to 1.00 on a Pro Forma Basis, in an aggregate amount not to exceed the amount, calculated at the time of such payment, prepayment, redemption or acquisition, calculated pursuant to Section 6.07(b)(II)(i) less any Dividends paid in accordance with such Section 6.07(b)(II); *provided* that, for the avoidance of doubt, any optional payments, prepayments, redemptions and acquisitions made pursuant to clause (ii)(x) of this Section 6.10(a) shall not reduce or count against the amount permitted under clause (ii)(y) of this Section 6.10(a); or

(b) amend or modify, or permit the amendment or modification of any document governing any Material Borrowed Indebtedness in any manner that is adverse in any material respect to the interests of the Lenders.

Notwithstanding anything to the contrary in this Agreement, the Loan Parties and their Subsidiaries shall be permitted to (i) make (or give any notice in respect thereof) any optional payment, payment at maturity or prepayment of or optional redemption or acquisition for value of the 2010 Convertible Notes or any refinancing thereof permitted by Section 6.01(b), and (ii) any cash settlement of any conversion by the holders thereof of any 2010 Convertible Notes or any refinancing thereof permitted by Section 6.01(b); subject, in each case, to compliance on a Pro Forma Basis as of the last day of the most recently completed Test Period with Sections 6.09(a), (b) and (c).

**SECTION 6.11**

**Limitation on Certain Restrictions on Subsidiaries.**

Directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (a) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by Borrower or any Subsidiary, or pay any Indebtedness owed to Borrower or a Subsidiary, (b) make loans or advances to Borrower or any Subsidiary or (c) transfer any of its properties to Borrower or any Subsidiary, except for such encumbrances or restrictions existing under or by reason of (i) applicable Requirements of Law; (ii) this Agreement and the other Loan Documents; (iii) the 2010 Convertible Notes; (iv) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of a Subsidiary; (v) customary provisions restricting assignment of any agreement entered into by a Subsidiary in the ordinary course of business; (vi) any holder of a Lien permitted by Section 6.02 restricting the transfer of the property subject thereto; (vii) customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 6.06 pending the consummation of such sale; (viii) any agreement in effect at the time such Subsidiary becomes a Subsidiary of Borrower, so long as such agreement was not entered into in connection with or in contemplation of such person becoming a Subsidiary of Borrower; (ix) without affecting the Loan Parties' obligations under Section 5.10,

customary provisions in partnership agreements, limited liability company organizational governance documents, asset sale and stock sale agreements and other similar agreements that restrict the transfer of ownership interests in such partnership, limited liability company or similar person; (x) restrictions on cash or other deposits or net worth imposed by suppliers or landlords under contracts entered into in the ordinary course of business; (xi) any instrument governing Indebtedness assumed in connection with any Permitted Acquisition, which encumbrance or restriction is not applicable to any person, or the properties or assets of any person, other than the person or the properties or assets of the person so acquired; (xii) in the case of any joint venture which is not a Loan Party, restrictions in such person's Organizational Documents or pursuant to any joint venture agreement or stockholders agreements solely to the extent of the Equity Interests of or property held in the subject joint venture or other entity; (xiii) any customary restrictions imposed by any document or instrument evidencing, governing or securing any Indebtedness permitted by Section 6.01(f) or (k) reasonably believed by Borrower to be necessary in connection with the incurrence thereof; and (xiv) any encumbrances or restrictions imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clauses (iii) or (viii) above; *provided* that such amendments or refinancings are no more materially restrictive with respect to such encumbrances and restrictions than those prior to such amendment or refinancing.

**SECTION 6.12**

**Limitation on Issuance of Capital Stock .**

With respect to any Subsidiary, issue any Equity Interest (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, any Equity Interest, except (i) for stock splits, stock dividends and additional issuances of Equity Interests which do not decrease the percentage ownership of Borrower or any Subsidiaries in any class of the Equity Interest of such Subsidiary; and (ii) Subsidiaries of Borrower formed after the Closing Date in accordance with Section 6.13 may issue Equity Interests to Borrower or the Subsidiary of Borrower which is to own such Equity Interests. All Equity Interests issued in accordance with this Section 6.12 (b) shall, to the extent required by Sections 5.10 and 5.11 or any Security Agreement, be delivered to the Collateral Agent for pledge pursuant to the applicable Security Agreement.

**SECTION 6.13**

**Business .**

Engage (directly or indirectly) in any business other than those businesses in which Borrower and its Subsidiaries are engaged on the Closing Date, and businesses that are related thereto or extensions thereof.

**SECTION 6.14**

**Fiscal Year .**

Change the fiscal year-end of Borrower to a date other than December 31.

**SECTION 6.15**

**No Further Negative Pledge .**

Enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of their respective properties or revenues, whether now owned or hereafter acquired, securing the Secured Obligations or which requires the grant of any security for an obligation if security is granted for the Secured Obligations, except the following: (1) covenants in documents creating Liens permitted by Section 6.02 (other than Section 6.02(o)) prohibiting further Liens on the properties encumbered thereby (2) covenants in documents evidencing, governing or securing Indebtedness permitted by Section 6.01(k) to the extent that such covenants do not restrict in any manner (directly or indirectly) prior Liens created pursuant to the Loan Documents on any Collateral securing the Secured Obligations; and (3) any prohibition or

limitation that (a) exists pursuant to applicable Requirements of Law, (b) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 6.06 pending the consummation of such sale, (c) restricts subletting or assignment of leasehold interests contained in any Lease governing a leasehold interest of Borrower or a Subsidiary, (d) exists in any agreement in effect at the time such Subsidiary becomes a Subsidiary of Borrower, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary or (e) is imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clause (3)(d); *provided* that such amendments and refinancings are no more materially restrictive with respect to such prohibitions and limitations than those prior to such amendment or refinancing.

#### **SECTION 6.16**

#### **Compliance with Anti-Terrorism Laws .**

(a) Directly or indirectly, in connection with the Loans or Letters of Credit, knowingly (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Embargoed Person, except to the extent authorized or exempted by or pursuant to any Requirement of Law, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to any Anti-Terrorism Law, except to the extent authorized or exempted by or pursuant to any Requirement of Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(b) Directly or indirectly, in connection with the Loans or Letters of Credit, knowingly cause or permit any of the funds of such Loan Party that are used to repay the Loans or Letters of Credit to be derived from any unlawful activity with the result that the making of the Loans or Letters of Credit would be in violation of any Anti-Terrorism Law.

(c) Knowingly cause or permit (i) an Embargoed Person to have any direct or indirect interest in or benefit of any nature whatsoever in the Loan Parties or (ii) any of the funds or properties of the Loan Parties that are used to repay the Loans or Letters of Credit to constitute property of, or be beneficially owned directly or indirectly by, an Embargoed Person.

(d) The Loan Parties shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming the Loan Parties' compliance with this Section 6.16.

### **ARTICLE VII**

### **GUARANTEE**

#### **SECTION 7.01**

#### **The Guarantee .**

The Subsidiary Guarantors, hereby jointly and severally guarantee, as a primary obligor and not as a surety to each Secured Party and their respective successors and assigns, the prompt payment in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest on (including any interest, fees, costs or charges that would accrue but for the provisions of the Title 11 of the United States Code after any bankruptcy or insolvency petition under Title 11 of the United States Code) the Loans made by the Lenders to, and the Notes held by each Lender of, Borrower, and all other Secured Obligations from time to time owing to the Secured Parties by any Loan Party under any Loan Document or any Hedging Agreement or Treasury Services Agreement entered into with a counterparty that is a Secured Party, in each case strictly in

accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Subsidiary Guarantors hereby jointly and severally agree that if Borrower or other Subsidiary Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Subsidiary Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal. Anything in this Article to the contrary notwithstanding, the Guarantee by any Subsidiary Guarantor under this Article shall not guarantee any Guaranteed Obligation that constitutes an Excluded Swap Obligation with respect to such Subsidiary Guarantor.

## SECTION 7.02

### Obligations Unconditional.

The obligations of the Subsidiary Guarantors under Section 7.01 shall constitute a guaranty of payment and not of collection and to the fullest extent permitted by applicable Requirements of Law, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations of Borrower under this Agreement, the Notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Subsidiary Guarantor (except for payment in full). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Subsidiary Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

- (i) at any time or from time to time, without notice to the Subsidiary Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;
- (ii) any of the acts mentioned in any of the provisions of this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted;
- (iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;
- (iv) any Lien or security interest granted to, or in favor of, Issuing Bank or any Lender or Agent as security for any of the Guaranteed Obligations shall fail to be perfected; or
- (v) the release of any other Subsidiary Guarantor pursuant to Section 7.09.

The Subsidiary Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Secured Party exhaust any right, power or remedy or proceed against Borrower under this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Subsidiary Guarantors waive any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Secured Party upon this Guarantee or acceptance of



this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between Borrower and the Secured Parties shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by Secured Parties, and the obligations and liabilities of the Subsidiary Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Secured Parties or any other person at any time of any right or remedy against Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Subsidiary Guarantors and the successors and assigns thereof, and shall inure to the benefit of the Lenders, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

**SECTION 7.03**

**Reinstatement .**

The obligations of the Subsidiary Guarantors under this Article VII shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Borrower or other Loan Party in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

**SECTION 7.04**

**Subrogation; Subordination .**

Each Subsidiary Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 7.01, whether by subrogation or otherwise, against Borrower or any other Subsidiary Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

**SECTION 7.05**

**Remedies .**

The Subsidiary Guarantors jointly and severally agree that, as between the Subsidiary Guarantors and the Lenders, the obligations of Borrower under this Agreement and the Notes, if any, may be declared to be forthwith due and payable as provided in Section 8.01 (and shall be deemed to have become automatically due and payable in the circumstances provided in Section 8.01) for purposes of Section 7.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by Borrower) shall forthwith become due and payable by the Subsidiary Guarantors for purposes of Section 7.01.

**SECTION 7.06**

**Instrument for the Payment of Money .**

Each Subsidiary Guarantor hereby acknowledges that the guarantee in this Article VII constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Subsidiary Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.



**SECTION 7.07****Continuing Guarantee .**

The guarantee in this Article VII is a continuing guarantee of payment, and shall apply to all Guaranteed Obligations whenever arising.

**SECTION 7.08****General Limitation on Guarantee Obligations .**

In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under Section 7.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 7.01, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Subsidiary Guarantor, any Loan Party or any other person, be automatically limited and reduced to the highest amount (after giving effect to the right of contribution established in Section 7.10) that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

**SECTION 7.09****Release of Subsidiary Guarantors .**

If, in compliance with the terms and provisions of the Loan Documents, any Subsidiary Guarantor (a “ **Released Guarantor** ”) shall cease to be a Subsidiary of Borrower pursuant to a transaction permitted hereunder, such Released Guarantor shall, upon its so ceasing to be a Subsidiary of Borrower, be automatically released from its obligations under this Agreement (including under Section 10.03 hereof) and its obligations to pledge and grant any Collateral owned by it pursuant to any Security Document, and the pledge of any of its Equity Interests that are no longer held by Borrower or a Subsidiary Guarantor to the Collateral Agent pursuant to the Security Agreements shall be automatically released, and, so long as Borrower shall have provided the Agents such certifications or documents as any Agent shall reasonably request, the Collateral Agent shall take such actions as are reasonably requested by Borrower to evidence or effect each release described in this Section 7.09 in accordance with the relevant provisions of the Security Documents.

**SECTION 7.10****Right of Contribution .**

Each Subsidiary Guarantor (other than CSG Cyber Solutions) hereby agrees that to the extent that a Subsidiary Guarantor (other than CSG Cyber Solutions) shall have paid more than its proportionate share of any payment made hereunder, such Subsidiary Guarantor (other than CSG Cyber Solutions) shall be entitled to seek and receive contribution from and against any other Subsidiary Guarantor (other than CSG Cyber Solutions) hereunder which has not paid its proportionate share of such payment. Each Subsidiary Guarantor’s right of contribution shall be subject to the terms and conditions of Section 7.04. The provisions of this Section 7.10 shall in no respect limit the obligations and liabilities of any Subsidiary Guarantor to the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders, and each Subsidiary Guarantor shall remain liable to the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders for the full amount guaranteed by such Subsidiary Guarantor hereunder.

**ARTICLE VIII****EVENTS OF DEFAULT****SECTION 8.01****Events of Default .**

The following events shall be “ **Events of Default** ”:

(a) default shall be made in the payment of any principal of any Loan or any Reimbursement Obligation when and as the same shall become due and payable, whether at the due date thereof (including a Term Loan Repayment Date) or at a date fixed for prepayment (whether voluntary or mandatory) thereof or by acceleration thereof or otherwise;

(b) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in paragraph (a) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(c) any representation or warranty made or deemed made in any Loan Document or in any report, certificate, financial statement or other instrument furnished pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made or deemed made;

(d) default shall be made in the due observance or performance by any Company of any covenant, condition or agreement contained in Section 5.02(a), 5.03(a) (with respect to Borrower only), 5.08 or Article VI;

(e) default shall be made in the due observance or performance by any Company of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (a), (b) or (d) immediately above) and such default shall continue unremedied or shall not be waived for a period of 30 days after written notice thereof from the Administrative Agent or any Lender to Borrower;

(f) any Company (other than an Immaterial Subsidiary) shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness (other than the Obligations), when and as the same shall become due and payable beyond any applicable grace period, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee or other representative on its or their behalf to cause, such Indebtedness to become due prior to its stated maturity or become subject to a mandatory offer purchase by the obligor; *provided* that it shall not constitute an Event of Default pursuant to this paragraph (f) unless the aggregate amount of all such Indebtedness referred to in clauses (i) and (ii) exceeds \$10.0 million at any one time (*provided* that, in the case of Hedging Obligations, the amount counted for this purpose shall be the amount payable by all Companies if such Hedging Obligations were terminated at such time);

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any Company (other than an Immaterial Subsidiary), or of a substantial part of the property of any Company (other than an Immaterial Subsidiary), under Title 11 of the U.S. Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law; (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Company (other than an Immaterial Subsidiary) or for a substantial part of the property of any Company (other than an Immaterial Subsidiary); or (iii) the winding-up or liquidation of any Company (other than an Immaterial Subsidiary); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Company (other than an Immaterial Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as

now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law; (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (g) above; (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Company (other than an Immaterial Subsidiary) or for a substantial part of the property of any Company (other than an Immaterial Subsidiary); (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding; (v) make a general assignment for the benefit of creditors; (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due; (vii) take any action for the purpose of effecting any of the foregoing; or (viii) in the case of Borrower only, wind up or liquidate;

(i) one or more judgments, orders or decrees for the payment of money (to the extent not paid or covered by insurance as to which the relevant insurance company has not contested coverage) in an aggregate amount in excess of \$10.0 million shall be rendered against any Company (other than an Immaterial Subsidiary) or any combination thereof and the same shall remain undischarged, unvacated or unbonded for a period of 30 consecutive days during which execution shall not be effectively stayed;

(j) one or more ERISA Events and/or one or more similar events with respect to Foreign Plans shall have occurred that, when taken together with all other such ERISA Events and similar events with respect to Foreign Plans that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(k) any security interest and Lien purported to be created by any Security Document in any material portion of the Collateral shall cease to be in full force and effect, or shall cease to give the Collateral Agent, for the benefit of the Secured Parties, the Liens, rights, powers and privileges purported to be created and granted under such Security Document (including, except to the extent attributable to the Collateral Agent's failure to maintain possession of Collateral delivered to it, a perfected first priority security interest in and Lien on all of the Collateral thereunder (except as otherwise expressly provided in such Security Document)) in favor of the Collateral Agent, or shall be asserted in writing by Borrower or any other Loan Party not to be a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) security interest in or Lien on any material portion of the Collateral covered;

(l) any Loan Document or any material provisions thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by any Loan Party, seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or any Loan Party shall repudiate or deny in writing any portion of its liability or obligation for the Obligations; or

(m) there shall have occurred a Change in Control.

## **SECTION 8.02**

## **Remedies upon Event of Default .**

If any Event of Default (other than an event with respect to Borrower described in Section 8.01(g) or (h)) occurs and is continuing, the Administrative Agent may and, at the request of the Required Lenders, shall, by notice to Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans and Reimbursement Obligations then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans and Reimbursement Obligations so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other Obligations of Borrower accrued hereunder

and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Borrower and the Subsidiary Guarantors, anything contained herein or in any other Loan Document to the contrary notwithstanding; and if an Event of Default with respect to Borrower described in Section 8.01(g) or (h) occurs, the Commitments shall automatically terminate and the principal of the Loans and Reimbursement Obligations then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other Obligations of Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Borrower and the Subsidiary Guarantors, anything contained herein or in any other Loan Document to the contrary notwithstanding.

### **SECTION 8.03**

### **Application of Proceeds**

The proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies shall be applied, in full or in part, together with any other sums then held by the Collateral Agent pursuant to this Agreement, promptly by the Collateral Agent as follows:

(a) *First*, to the payment of all reasonable costs and expenses, fees, commissions and taxes of such sale, collection or other realization including compensation to the Collateral Agent and its agents and counsel, and all expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith and all amounts for which the Collateral Agent is entitled to indemnification pursuant to the provisions of any Loan Document, together with interest on each such amount at the rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

(b) *Second*, to the payment of all other reasonable costs and expenses of such sale, collection or other realization including compensation to the other Secured Parties and their agents and counsel and all costs, liabilities and advances made or incurred by the other Secured Parties in connection therewith, together with interest on each such amount at the rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

(c) *Third*, without duplication of amounts applied pursuant to clauses (a) and (b) above, to the indefeasible payment in full in cash, *pro rata*, of interest and other amounts constituting Obligations (other than principal, Reimbursement Obligations and obligations to cash collateralize Letters of Credit) and any fees, premiums and scheduled periodic payments due under Hedging Agreements or Treasury Services Agreements constituting Secured Obligations and any interest accrued thereon, in each case equally and ratably in accordance with the respective amounts thereof then due and owing;

(d) *Fourth*, to the indefeasible payment in full in cash, *pro rata*, of the principal amount of the Obligations and any premium thereon (including Reimbursement Obligations and obligations to cash collateralize Letters of Credit) and any breakage, termination or other payments under Hedging Agreements and Treasury Services Agreements constituting Secured Obligations and any interest accrued thereon; and

(e) *Fifth*, the balance, if any, to the person lawfully entitled thereto (including the applicable Loan Party or its successors or assigns) or as a court of competent jurisdiction may direct.

In the event that any such proceeds are insufficient to pay in full the items described in clauses (a) through (e) of this Section 8.03, the Loan Parties shall remain liable, jointly and severally, for any deficiency.

## ARTICLE IX

### THE ADMINISTRATIVE AGENT AND THE COLLATERAL AGENT

#### SECTION 9.01

#### Appointment and Authority.

Each of the Lenders and the Issuing Bank hereby irrevocably appoints Royal Bank of Canada to act on its behalf as the Administrative Agent and the Collateral Agent hereunder and under the other Loan Documents and authorizes such Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agents by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article (other than the provisions of Section 9.06) are solely for the benefit of the Administrative Agent, the Collateral Agent, the Lenders and the Issuing Bank, and neither Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions (other than the provisions of Section 9.06).

#### SECTION 9.02

#### Rights as a Lender.

Each person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each person serving as an Agent hereunder in its individual capacity. Such person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if such person were not an Agent hereunder and without any duty to account therefor to the Lenders.

#### SECTION 9.03

#### Exculpatory Provisions.

No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, no Agent:

- (a) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
- (b) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); *provided* that such Agent shall not be required to take any action that, in its judgment or the judgment of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Requirements of Law; and
- (c) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by the person serving as such Agent or any of its Affiliates in any capacity.

No Agent shall be liable for any action taken or not taken by it (x) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 10.02) or (y) in the absence of its own gross negligence or willful misconduct. No

Agent shall be deemed to have knowledge of any Default unless and until notice describing such Default is given to such Agent by Borrower, a Lender or the Issuing Bank.

No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent. Without limiting the generality of the foregoing, the use of the term “agent” in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

Each party to this Agreement acknowledges and agrees that the Administrative Agent may use an outside service provider for the tracking of all UCC financing statements required to be filed pursuant to the Loan Documents and notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof, and that any such service provider will be deemed to be acting at the request and on behalf of Borrower and the other Loan Parties. No Agent shall be liable for any action taken or not taken by any such service provider.

#### **SECTION 9.04**

#### **Reliance by Agent**

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. Each Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall be entitled to rely upon the advice of any such counsel, accountants or experts and shall not be liable for any action taken or not taken by it in accordance with such advice.

#### **SECTION 9.05**

#### **Delegation of Duties**

Each Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through, or delegate any and all such rights and powers to, any one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

(a) Each Agent may at any time give notice of its resignation to the Lenders, the Issuing Bank and Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the Issuing Bank, appoint a successor Agent meeting the qualifications set forth above *provided* that if the Agent shall notify Borrower and the Lenders that no qualifying person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Collateral Agent on behalf of the Lenders or the Issuing Bank under any of the Loan Documents, the retiring Collateral Agent shall continue to hold such collateral security as nominee until such time as a successor Collateral Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through an Agent shall instead be made by or to each Lender and the Issuing Bank directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article IX and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

(b) Any resignation by Royal Bank of Canada as Administrative Agent pursuant to Section 9.06(a) shall, unless Royal Bank of Canada gives notice to Borrower otherwise, also constitute its resignation as Issuing Bank and Swingline Lender, and such resignation as Issuing Bank and Swingline Lender shall become effective simultaneously with the discharge of the Administrative Agent from its duties and obligations as set forth in the immediately preceding paragraph (except as to already outstanding Letters of Credit and LC Obligations and Swingline Loans, as to which the Issuing Bank and the Swingline Lender shall continue in such capacities until the LC Exposure relating thereto shall be reduced to zero and such Swingline Loans shall have been repaid, as applicable, or until the successor Administrative Agent shall succeed to the roles of Issuing Bank and Swingline Lender in accordance with the next sentence and perform the actions required by the next sentence). Upon the acceptance of a successor's appointment as Administrative Agent hereunder, unless Royal Bank of Canada and such successor gives notice to Borrower otherwise, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank and Swingline Lender and (ii) the successor Issuing Bank shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Bank to effectively assume the obligations of the retiring Issuing Bank with respect to such Letters of Credit. At the time any such resignation of the Issuing Bank shall become effective, Borrower shall pay all unpaid fees accrued for the account of the retiring Issuing Bank pursuant to Section 2.05(c).



**SECTION 9.07****Non-Reliance on Agent and Other Lenders .**

Each Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender further represents and warrants that it has had the opportunity to review each document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof. Each Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

**SECTION 9.08****Withholding Tax .**

To the extent required by any applicable law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. Without limiting the provisions of Section 2.15(a) or (c), each Lender and the Issuing Bank shall, and does hereby, indemnify the Administrative Agent, and shall make payable in respect thereof within 30 days after demand therefor, against any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by the Internal Revenue Service or any other Governmental Authority as a result of the failure of the Administrative Agent to properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including, without limitation, because the appropriate form was not delivered or not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstance that rendered the exemption from, or reduction of withholding Tax ineffective). A certificate as to the amount of such payment or liability delivered to any Lender or the Issuing Bank by the Administrative Agent shall be conclusive absent manifest error. Each Lender and the Issuing Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or Issuing Bank under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Section 9.08. The agreements in this Section 9.08 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

**SECTION 9.09****No Other Duties, etc .**

Anything herein to the contrary notwithstanding, none of the Lead Arrangers, Syndication Agent or Co-Documentation Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except (i) in its capacity, as applicable, as the Administrative Agent, the Collateral Agent, a Lender or the Issuing Bank hereunder or (ii) in the case of the Lead Arrangers, the powers expressly set forth herein.

**SECTION 9.10****Enforcement .**

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent, or as the Required Lenders may require or otherwise direct, for the benefit of all the Lenders and the Issuing Bank; *provided, however*, that the foregoing shall not prohibit (a) the



Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the Issuing Bank or the Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as Issuing Bank or Swingline Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with, and subject to, the terms of this Agreement, or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any bankruptcy or insolvency law .

## ARTICLE X

### MISCELLANEOUS

#### SECTION 10.01

#### Notices

(a) Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) if to any Loan Party, to Borrower at:

CSG Systems International, Inc.  
9555 Maroon Circle  
Englewood, Colorado 80112  
Attention: Treasurer  
Telecopier No.: (303) 796-2870  
Email: dave.schaaf@csgsystems.com

(ii) if to the Administrative Agent or the Collateral Agent, to it at:

Royal Bank of Canada  
20 King Street West, 4<sup>th</sup> Floor  
Toronto, Ontario, M5 H 1C4  
Attn.: Manager, Agency Services Group  
(Facsimile 416-842-4023)

(iii) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative  
Questionnaire; and

(iv) if to the Swingline Lender, Issuing Lender to it at:

Royal Bank of Canada  
Global Loans Administration  
New York Branch  
Three World Financial Center  
200 Vesey Street  
New York, NY 10281-8098  
(Telephone: 877-332-7455)  
(Facsimile: 212-428-2372)

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b). Any party hereto may change its address or telecopier number for notices and other communications hereunder by written notice to Borrower, the Agents, the Issuing Bank and the Swingline Lender.

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Bank hereunder may (subject to the provisions of this Section 10.01) be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices to any Lender or the Issuing Bank pursuant to Article II if such Lender or the Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it (including pursuant to the provisions of this Section 10.01); *provided* that approval of such procedures may be limited to particular notices or communications.

Each Loan Party hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent or the Lenders pursuant to this Agreement and any other Loan Document, including all notices, requests, financial statements, financial and other reports, certificates and other information materials (the “**Communications**”), by transmitting them in an electronic medium in a format reasonably acceptable to the Administrative Agent at its Notice Office or at such other e-mail address(es) provided to Borrower from time to time or in such other form as the Administrative Agent shall require. In addition, each Loan Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in this Agreement or any other Loan Document or in such other form as the Administrative Agent shall require. Nothing in this Section 10.01 shall prejudice the right of the Agents, the Issuing Bank, any Lender or any Loan Party to give any notice or other communication pursuant to this Agreement or any other Loan Document in any other manner specified in this Agreement or any other Loan Document or as any such Agent or the Issuing Bank, as the case may be, shall require.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender’s receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgement); *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

To the extent consented to by the Administrative Agent in writing from time to time, the Administrative Agent agrees that receipt of the Communications (other than any such Communication that (A) relates to a request for a new, or a conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (B) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor,

(C) provides notice of any Default under this Agreement or (D) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit hereunder) by the Administrative Agent at its e-mail address(es) set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents.

(c) Platform. Each Loan Party further agrees that any Agent may make the Communications available to the Lenders by posting the Communications on SyndTrak or a substantially similar secure electronic transmission system (the “**Platform**”). The Platform is provided “as is” and “as available.” The Agents do not warrant the accuracy or completeness of the Communications, or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agent in connection with the Communications or the Platform. In no event shall any Agent or any of its Related Parties have any liability to the Loan Parties, any Lender or any other person for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Loan Party’s or such Agent’s transmission of communications through the Internet, except to the extent the liability of such person is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such person’s gross negligence or willful misconduct.

(d) Public/Private. Each Loan Party hereby authorizes the Administrative Agent to distribute (i) to Private Siders all Communications, and (ii) to Public Siders only Communications Borrower identifies in writing as not containing any MNPI (“**Public Side Communications**”). Borrower represents and warrants that no Public Side Communication contains any MNPI. Borrower agrees to designate as Public Side Communications only those Communications or portions thereof that it reasonably believes in good faith do not include MNPI, and agrees to use all commercially reasonable efforts to designate any Communications provided under Section 5.01(a), (b) and (c) as Public Side Communications. “**Private Siders**” shall mean Lenders’ employees and representatives who have declared that they are authorized to receive MNPI. “**Public Siders**” shall mean Lenders’ employees and representatives who have not declared that they are authorized to receive MNPI; it being understood that Public Siders may be engaged in investment and other market-related activities with respect to Borrower’s or its affiliates’ securities or loans. “**MNPI**” shall mean material non-public information (within the meaning of United States federal securities laws) with respect to Borrower, its affiliates and any of their respective securities.

Each Lender acknowledges that United States federal and state securities laws prohibit any person from purchasing or selling securities on the basis of material, non-public information concerning the issuer of such securities or, subject to certain limited exceptions, from communicating such information to any other person. Each Lender confirms that it has developed procedures designed to ensure compliance with these securities laws.

Each Lender acknowledges that circumstances may arise that require it to refer to Communications that may contain MNPI. Accordingly, each Lender agrees that it will use commercially reasonable efforts to designate at least one individual to receive Communications that are not Public Side Communications on its behalf in compliance with its procedures and applicable law and identify such designee (including such designee’s contact information) on such Lender’s Administrative Questionnaire. Each Lender agrees to notify the Administrative Agent in writing from time to time of such Lender’s designee’s e-mail address to which notice of the availability of Communications that are not Public Side Communications may be sent by electronic transmission.

Each Lender that elects not to be given access to Communications that are not Public Side Communications does so voluntarily and, by such election, (i) acknowledges and agrees that the Agents and other Lenders may have access to Communications that are not Public Side Communications that such electing Lender does not have and (ii) takes sole responsibility for the consequences of, and waives any and all claims based on or arising out of, not having access to Communications that are not Public Side Communications.

## SECTION 10.02

## Waivers; Amendment.

(a) Generally. No failure or delay by any Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of each Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by this Section 10.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether any Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time. No notice or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances.

(b) Required Consents. Subject to Section 10.02(c), (d) and (e) and Section 2.20, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended, supplemented or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or Borrower and the Administrative Agent with the consent of the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Loan Party or Loan Parties that are party thereto and the Required Lenders or such Loan Party or Loan Parties and the Administrative Agent or the Collateral Agent, as applicable, with the consent of the Required Lenders; *provided* that no such agreement shall be effective if the effect thereof would:

(i) increase the Commitment of any Lender or change the currency or currencies available thereunder without the written consent of such Lender (it being understood that no amendment, modification, termination, waiver or consent with respect to any condition precedent, covenant or Default shall constitute an increase in the Commitment of any Lender);

(ii) reduce the principal amount or premium, if any, of any Loan (except in connection with a payment contemplated by clause (viii) below) or LC Disbursement or reduce the rate of interest thereon including any provision establishing a minimum rate (other than interest pursuant to Section 2.06(c)), or reduce any Fees payable hereunder, or change the form or currency of payment of any Obligation, without the written consent of each Lender directly affected thereby (it being understood that any amendment or modification to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (ii));

(iii) (A) change the scheduled final maturity of any Loan, or any scheduled date of payment of any installment of the principal amount of any Term Loan under Section 2.09, (B) postpone the date for payment of any Reimbursement Obligation or any interest, premium or

fees payable hereunder, (C) reduce the amount of, waive or excuse any such payment (other than waiver of any increase in the interest rate pursuant to Section 2.06(c)), or (D) postpone the scheduled date of expiration of any Commitment or any Letter of Credit beyond the Revolving Maturity Date, in any case, without the written consent of each Lender directly affected thereby;

(iv) increase the maximum duration of Interest Periods hereunder, without the written consent of each Lender directly affected thereby;

(v) permit the assignment or delegation by Borrower of any of its rights or obligations under any Loan Document, without the written consent of each Lender;

(vi) release all or substantially all of the Subsidiary Guarantors from their Guarantee (except as expressly provided in Article VII), or limit their liability in respect of such Guarantee, without the written consent of each Lender;

(vii) other than as expressly contemplated by the Loan Documents, release all or a substantial portion of the Collateral from the Liens of the Security Documents or alter the relative priorities of the Secured Obligations entitled to the Liens of the Security Documents, in each case without the written consent of each Lender (it being understood that additional Classes of Loans pursuant to Section 2.20 or consented to by the Required Lenders may be equally and ratably secured by the Collateral with the then existing Secured Obligations under the Security Documents);

(viii) change Section 2.14(b), (c) or (d) in a manner that would alter the *pro rata* sharing of payments or setoffs required thereby or any other provision in a manner that would alter the *pro rata* allocation among the Lenders of Loan disbursements, including the requirements of Sections 2.02(a), 2.17(d) and 2.18(d), without the written consent of each Lender directly affected thereby; *provided* that this clause (viii) shall not apply to any change made to any of such Sections 2.14(b), (c) or (d) or any such other provision that allows Borrower or any Subsidiary to make payments (as consideration for an assignment, sale or participation or otherwise) on Term Loans without any Loan Party, the payor or the recipient of such payments complying with the *pro rata* sharing of payments and setoffs required by such Sections or provisions, so long as such change requires that (x) Borrower and its Subsidiaries offer to make such payments to all Term Loan Lenders on a *pro rata* basis based on the aggregate principal amount of Term Loans then outstanding, (y) such payments are actually allocated to the Term Loans whose holders have elected to make them subject to such offer on a *pro rata* basis based on the aggregate principal amount of all Term Loans that have been made so subject to such offer and (z) all Term Loans that are paid in any such offer are deemed fully repaid and extinguished for all purposes and may not be reborrowed;

(ix) change any provision of this Section 10.02(b) or Section 10.02(c) or (d), without the written consent of each Lender directly affected thereby (except for additional restrictions on amendments or waivers for the benefit of Lenders of additional Classes of Loans pursuant to Section 2.20 or consented to by the Required Lenders);

(x) change the percentage set forth in the definition of "Required Lenders," "Required Class Lenders," "Required Revolving Lenders" or any other provision of any Loan Document (including this Section) specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), other than to increase such percentage or number or to give any

additional Lender or group of Lenders such right to waive, amend or modify or make any such determination or grant any such consent;

(xi) change the application of prepayments as among or between Classes under Section 2.10(f), without the written consent of the Required Class Lenders of each Class that is being allocated a lesser prepayment as a result thereof (it being understood that the Required Lenders may waive, in whole or in part, any prepayment so long as the application, as between Classes, of any portion of such prepayment that is still required to be made is not changed and, if additional Classes of Term Loans under this Agreement pursuant to Section 2.20 or consented to by the Required Lenders are made, such new Term Loans may be included on a *pro rata* basis in the various prepayments required pursuant to Section 2.10(f));

(xii) subordinate the Obligations to any other obligation, without the written consent of each Lender;

(xiii) change or waive any provision of Article X as the same applies to any Agent, or any other provision hereof as the same applies to the rights or obligations of any Agent, in each case without the written consent of such Agent;

(xiv) change or waive any obligation of the Lenders relating to the issuance of or purchase of participations in Letters of Credit, without the written consent of the Administrative Agent and the Issuing Bank;

(xv) change or waive any provision hereof relating to Swingline Loans (including the definition of "Swingline Commitment"), without the written consent of the Swingline Lender; or

(xvi) waive any condition set forth in Section 4.02 as to any Credit Extension under the Revolving Facility without the written consent of the Required Revolving Lenders.

Notwithstanding anything to the contrary herein:

(I) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except to the extent the consent of such Lender would be required under clause (i), (ii) or (iii) of the first proviso to the first sentence of this Section 10.02(b); and

(II) notwithstanding the foregoing, if following the Closing Date, the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of this Agreement or any other Loan Document, then in each case the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to this Agreement or any other Loan Document if the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof; it being understood that posting such amendment electronically on IntraLinks/IntraAgency or another relevant website with notice of such posting by the Administrative Agent to the Required Lenders shall be deemed adequate receipt of notice of such amendment.

(c) Collateral. Without the consent of any other person, the applicable Loan Party or Parties and the Administrative Agent and/or Collateral Agent may (in its or their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection,

protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable Requirements of Law.

(d) Dissenting Lenders. If, in connection with any proposed change, waiver, discharge or termination of the provisions of this Agreement as contemplated by Section 10.02(b), the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained, then Borrower shall have the right to replace all, but not less than all, of such non-consenting Lender or Lenders (so long as all non-consenting Lenders are so replaced) with one or more persons pursuant to Section 2.16(b) so long as at the time of such replacement each such new Lender consents to the proposed change, waiver, discharge or termination.

(e) Refinanced Term Loans. In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, Borrower and the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing of all outstanding Term Loans (“**Refinanced Term Loans**”) with a replacement term loan tranche hereunder which shall constitute Term Loans hereunder (“**Replacement Term Loans**”); *provided* that (i) the aggregate principal amount of Replacement Term Loans shall not exceed the aggregate principal amount of Refinanced Term Loans, (ii) the maturity date for Replacement Term Loans shall not be earlier than the maturity date of Refinanced Term Loans, (iii) the weighted average life to maturity of Replacement Term Loans shall not be shorter than the weighted average life to maturity of Refinanced Term Loans at the time of such refinancing and (iv) all other terms (other than interest rate and fees) applicable to Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing Replacement Term Loans than, those applicable to Refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the Final Maturity Date in effect immediately prior to such refinancing.

### SECTION 10.03

### Expenses; Indemnity; Damage Waiver

(a) Costs and Expenses. Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent and their respective Affiliates (including the reasonable fees, charges and disbursements of a single counsel (and any necessary local counsel) for the Administrative Agent and/or the Collateral Agent) in connection with the syndication of the credit facilities provided for herein (including the obtaining and maintaining of CUSIP numbers for the Loans), the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendment, amendment and restatement, modification or waiver of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including in connection with post-closing searches to confirm that security filings and recordations have been properly made and including any costs and expenses of the service provider referred to in Section 9.03, (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent, any Lender or the Issuing Bank (including the fees, charges and disbursements of any counsel for the Administrative Agent, the Collateral Agent, any Lender or the Issuing Bank), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 10.03, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.



(b) Indemnification by Borrower. Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), the Collateral Agent (and any sub-agent thereof) each Lender and the Issuing Bank, and each Related Party of any of the foregoing persons (each such person being called an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee) incurred by any Indemnitee or asserted against any Indemnitee by any party hereto or any third party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, or any amendment, amendment and restatement, modification or waiver of the provisions hereof or thereof, or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release or threatened Release of Hazardous Materials on, at, under or from any property owned, leased or operated by any Company at any time, or any Environmental Claim related in any way to any Company, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. To the extent that Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section 10.03 to be paid by it to the Administrative Agent (or any sub-agent thereof), the Collateral Agent, the Issuing Bank, the Swingline Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Collateral Agent (or any sub-agent thereof), the Issuing Bank, the Swingline Lender or such Related Party, as the case may be, such Lender’s *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (such indemnity shall be effective whether or not the related losses, claims, damages, liabilities and related expenses are incurred or asserted by any party hereto or any third party); *provided* that (i) the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Collateral Agent (or any sub-agent thereof), the Swingline Lender or the Issuing Bank in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the Collateral Agent (or any sub-agent thereof), the Swingline Lender or Issuing Bank in connection with such capacity and (ii) such indemnity for the Swingline Lender or the Issuing Bank shall not include losses incurred by the Swingline Lender or the Issuing Bank due to one or more Lenders defaulting in their obligations to purchase participations in Swingline Exposure under Section 2.17(d) or LC Exposure under Section 2.18(d) or to make Revolving Loans under Section 2.18(e) (it being understood that this proviso shall not affect the Swingline Lender’s or the Issuing Bank’s rights against any Defaulting Lender). The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.14. For purposes hereof, a Lender’s “*pro rata* share” shall be determined based upon its share of the sum of the total Revolving Exposure, outstanding Term Loans and unused Commitments at the time.



(d) Waiver of Consequential Damages, Etc. . To the fullest extent permitted by applicable Requirements of Law, no Loan Party, Lender, Agent, Issuing Bank or Swingline Lender shall assert, and each Loan Party, Lender Agent, Issuing Bank and Swingline Lender hereby waives, any claim against any Indemnitee, any Loan Party or any Related Person in respect of any Loan Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof, *provided* that nothing contained in this sentence shall limit the indemnity obligations of Borrower hereunder to the extent such special, indirect, consequential or punitive damages are included in any third-party claim in connection with which indemnification is provided for hereunder. No Indemnitee, Loan Party or Related Person in respect of any Loan Party shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments . All amounts due under this Section shall be payable not later than 3 Business Days after demand therefor.

(f) Notwithstanding the foregoing, Borrower's responsibility for Taxes and Other Taxes shall be governed by Section 2.15, to the exclusion of this Section 10.03.

#### **SECTION 10.04**

#### **Successors and Assigns** .

(a) Successors and Assigns Generally . The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, the Collateral Agent, the Issuing Lender, the Swingline Lender and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section 10.04, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section 10.04 or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by Borrower shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the other Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

#### (b) Assignments by Lenders .

(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may at any time assign to one or more assignees, other than (x) a natural person or (y) any Loan Party or any affiliate thereof, all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed, subject as provided in clause (A)(y) below) of:

(A) Borrower; *provided* that (x) the consent of Borrower shall not be required for an assignment of a Term Loan; (y) the consent of Borrower shall not be required for an assignment of any Revolving Commitment, Revolving Loan or Term

Commitment if an Event of Default has occurred and is continuing; and (z) the consent of Borrower shall not be required for an assignment of any Revolving Commitment or Revolving Loan to a Lender with a Revolving Commitment immediately prior to giving effect to such assignment; *provided, further*, that Borrower shall be deemed to have consented to any such assignment unless Borrower shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof;

(B) the Administrative Agent; *provided* that no consent of the Administrative Agent shall be required for an assignment of (x) any Revolving Commitment to an assignee that is a Lender with a Revolving Commitment immediately prior to giving effect to such assignment or (y) all or any portion of a Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the Issuing Bank and the Swingline Lender; *provided* that no consent of the Issuing Bank or the Swingline Lender shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of any assignment of Terms Loans or assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5.0 million, in the case of any assignment in respect of Revolving Loans and/or Revolving Commitments, or \$1.0 million, in the case of any assignment in respect of Term Loans and/or Term Loan Commitments, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, Borrower otherwise consent (each such consent not to be unreasonably withheld or delayed);

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate tranches on a non- *pro rata* basis;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire;

(D) without the prior written consent of the Administrative Agent, no assignment shall be made to Borrower or a prospective assignee that bears a relationship to Borrower described in Section 108(e)(4) of the Code; and

(E) so long as no Event of Default has occurred and is continuing, without the written consent of Borrower, no assignment may be made to a competitor of Borrower.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 10.04, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.12, 2.13, 2.15 and 10.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.04(d).

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of Borrower, shall maintain a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive in the absence of manifest error, and Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower, the Issuing Bank (with respect to Revolving Lenders only), the Collateral Agent, the Swingline Lender (with respect to Revolving Lenders only) and any Lender (with respect to its own interest only), at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender sell participations to any person (other than a natural person or Borrower or any of its Affiliates) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, the Administrative Agent and the Lenders and Issuing Bank shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (iv) without the prior written consent of the Administrative Agent, no participation shall be sold to a prospective Participant that bears a relationship to Borrower described in Section 108(e)(4) of the Code and (v) so long as no Event of Default has occurred and is continuing, without the written consent of Borrower, no participation may be sold to a competitor of Borrower.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii) or (iii) of the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (e) of this Section, Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.15 (subject to the requirements of those Sections) to the same extent as if it were a Lender and had acquired its interest by

assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; *provided* such Participant agrees to be subject to Section 2.14 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as an agent of Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under this Agreement (the "**Participant Register**"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations on Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 2.12, 2.13 and 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant (except to the extent such entitlement to receive a greater payment results from an adoption of or any change in any Requirement of Law or in the application thereof that occurs after the Participant acquired the applicable participation), unless the sale of the participation to such Participant is made with Borrower's prior written consent (not to be unreasonably withheld or delayed). No Participant shall be entitled to the benefits of Section 2.15 unless such Participant complies with Section 2.15(e) as if it were a Lender (it being understood that the documentation required under Section 2.15(e) shall be delivered by the applicable Participant to the participating Lender) and such Participant agrees to be subject to the provisions of Sections 2.15(f) and 2.16 as if it were a Lender; *provided* that Section 2.16 shall only apply to the extent such Participant would otherwise be entitled to receive any greater payment under Sections 2.12, 2.13 and 2.15 than the applicable Lender would have been entitled to.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. In the case of any Lender that is a fund that invests in bank loans, such Lender may, without the consent of Borrower or the Administrative Agent, collaterally assign or pledge all or any portion of its rights under this Agreement, including the Loans and Notes or any other instrument evidencing its rights as a Lender under this Agreement, to any holder of, trustee for, or any other representative of holders of, obligations owed or securities issued, by such fund, as security for such obligations or securities.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Requirement of Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

**SECTION 10.05****Survival of Agreement.**

All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agents, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement (other than obligations for tax gross-up, yield protection, indemnification or expense reimbursement for which no claim has been made) is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.12, 2.14, 2.15 and Article X (but with respect to Section 10.12, only for a period of one year from the date upon which this Agreement is terminated) shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the payment of the Reimbursement Obligations, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

**SECTION 10.06****Counterparts; Integration; Effectiveness.**

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees or expense payable to the Administrative Agent or the Lead Arrangers, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof other than as otherwise expressly agreed by the parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or other electronic transmission (i.e. a "pdf" or "tif" document) shall be effective as delivery of a manually executed counterpart of this Agreement.

**SECTION 10.07****Severability.**

Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

**SECTION 10.08****Right of Setoff.**

If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Bank, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Requirements of Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Bank or any such Affiliate to or for the credit or the account of Borrower or any other Loan Party against any and all of the obligations of Borrower or such Loan Party now or hereafter existing that are then due under this Agreement or any other Loan Document to such Lender or the Issuing Bank, irrespective of whether or not such Lender or the Issuing Bank shall have made any demand under this Agreement or any other

Loan Document and although such obligations of Borrower or such Loan Party may be owed to a branch or office of such Lender or the Issuing Bank different from the branch or office holding such deposit or obligated on such indebtedness; provided that if any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of this Agreement and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lender, the Swingline Lender and the Lenders and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of set off. The rights of each Lender, the Issuing Bank and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Bank or their respective Affiliates may have. Each Lender and the Issuing Bank agrees to notify Borrower and the Administrative Agent promptly after any such setoff and application; *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

#### **SECTION 10.09**

#### **Governing Law; Jurisdiction; Consent to Service of Process.**

(a) Governing Law. This Agreement and the transactions contemplated hereby, and all disputes between the parties under or relating to this Agreement or the facts or circumstances leading to its execution, whether in contract, tort or otherwise, shall be construed in accordance with and governed by the laws (including statutes of limitation) of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction.

(b) Submission to Jurisdiction. Each party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Venue. Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Requirements of Law, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Requirements of Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in any action or proceeding arising out of or relating to any Loan Document, in the manner provided for notices (other than telecopier) in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by applicable Requirements of Law.

#### **SECTION 10.10**

#### **Waiver of Jury Trial.**

Each party hereto hereby waives, to the fullest extent permitted by applicable Requirements of Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly

arising out of or relating to this Agreement, any other Loan Document and the transactions contemplated hereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section.

#### **SECTION 10.11**

#### **Headings**

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

#### **SECTION 10.12**

#### **Treatment of Certain Information; Confidentiality**

Each of the Administrative Agent, the Lenders and the Issuing Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority or regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Requirements of Law or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 10.12, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and its obligations or (iii) any rating agency for the purpose of obtaining a credit rating applicable to any Lender, (g) with the consent of Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the Issuing Bank or any of their respective Affiliates on a nonconfidential basis from a source other than Borrower. For purposes of this Section, " **Information** " means all information received from Borrower or any of its Subsidiaries relating to Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the Issuing Bank on a nonconfidential basis prior to disclosure by Borrower or any of its Subsidiaries unless such information is clearly identified at the time of delivery as not including any confidential information. Any person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information.

#### **SECTION 10.13**

#### **USA PATRIOT Act Notice and Customer Verification**

Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notify Borrower that pursuant to the "know your customer" regulations and the requirements of the USA PATRIOT Act, they are required to obtain, verify and record information that identifies each Loan Party, which information includes the name, address and tax identification number (and other identifying information in the event this information is insufficient to complete verification) that will allow such Lender or the Administrative Agent, as applicable, to verify



the identity of each Loan Party. This information must be delivered to the Lenders and the Administrative Agent no later than the Closing Date and thereafter promptly upon request. This notice is given in accordance with the requirements of the USA PATRIOT Act and is effective as to the Lenders and the Administrative Agent.

#### **SECTION 10.14**

#### **Interest Rate Limitation**

Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable Requirements of Law (collectively, the “**Charges**”), shall exceed the maximum lawful rate (the “**Maximum Rate**”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable Requirements of Law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

#### **SECTION 10.15**

#### **Obligations Absolute**

To the fullest extent permitted by applicable Requirements of Law, all obligations of the Loan Parties hereunder shall be absolute and unconditional irrespective of:

- (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Loan Party;
- (b) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto against any Loan Party;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from any Loan Document or any other agreement or instrument relating thereto;
- (d) any exchange, release or non-perfection of any other Collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Obligations;
- (e) any exercise or non-exercise, or any waiver of any right, remedy, power or privilege under or in respect hereof or any Loan Document; or
- (f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Loan Parties.

#### **SECTION 10.16**

#### **Dollar Equivalent Calculations**

For purposes of this Agreement, the Dollar Equivalent of each Loan that is an Alternate Currency Revolving Loan shall be calculated on the date when any such Loan is made, on the first Business Day of each month and at such other times as designated by the Administrative Agent. Such Dollar Equivalent shall remain in effect until the same is recalculated by the Administrative Agent as provided above and notice of such recalculation is received by Borrower, it being understood that until such notice of such recalculation is received, the Dollar Equivalent shall be that Dollar Equivalent as last

reported to Borrower by the Administrative Agent. The Administrative Agent shall promptly notify Borrower and the Lenders of each such determination of the Dollar Equivalent.

For purposes of this Agreement, the Dollar Equivalent of the stated amount of each Letter of Credit that is an Alternate Currency Letter of Credit shall be calculated on the date when such Letter of Credit is issued, on the first Business Day of each month and at such other times as designated by the Issuing Bank in consultation with Administrative Agent. Such Dollar Equivalent shall remain in effect until the same is recalculated by the Issuing Bank as provided above and notice of such recalculation is received by Borrower, it being understood that until such notice of such recalculation is received, the Dollar Equivalent shall be that Dollar Equivalent as last reported to Borrower by the Issuing Bank. The Issuing Bank shall promptly notify Borrower, Administrative Agent and the Lenders of each such determination of the Dollar Equivalent.

#### **SECTION 10.17**

#### **Judgment Currency**

(a) Borrower's obligation hereunder and under the other Loan Documents to make payments in the applicable Approved Currency (pursuant to such obligation, the "**Obligation Currency**") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or the respective Lender of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against Borrower in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "**Judgment Currency**") an amount due in the Obligation Currency, the conversion shall be made at the Relevant Currency Equivalent, and in the case of other currencies, the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "**Judgment Currency Conversion Date**").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, Borrower shall pay, or cause to be paid, the amount necessary such that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date .

(c) For purposes of determining the Relevant Currency Equivalent or any other rate of exchange for this Section 10.17, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

#### **SECTION 10.18**

#### **Euro**

(a) If at any time that an Alternate Currency Revolving Loan is outstanding, the relevant Alternate Currency (other than the euro) is fully replaced as the lawful currency of the country that issued such Alternate Currency (the "**Issuing Country**") by the euro so that all payments are to be made in the Issuing Country in euros and not in the Alternate Currency previously the lawful currency of such country, then such Alternate Currency Revolving Loan shall be automatically converted into a Loan denominated in euros in a principal amount equal to the amount of euros into which the principal amount

of such Alternate Currency Revolving Loan would be converted pursuant to law and thereafter no further Loans will be available in such Alternate Currency.

(b) Borrower shall from time to time, at the request of any Lender, pay to such Lender the amount of any losses, damages, liabilities, claims, reduction in yield, additional expense, increased cost, reduction in any amount payable, reduction in the effective return of its capital, the decrease or delay in the payment of interest or any other return forgone by such Lender or its Affiliates as a result of the tax or currency exchange resulting from the introduction of, changeover to or operation of the euro in any applicable nation or eurocurrency market.

#### **SECTION 10.19**

#### **Special Provisions Relating to Currencies Other Than Dollars.**

(a) All funds to be made available to Administrative Agent or the Issuing Bank, as applicable, pursuant to this Agreement in any Alternate Currency shall be made available to Administrative Agent or the Issuing Bank, as applicable, in immediately available, freely transferable, cleared funds to such account with such bank in the principal financial center of the Issuing Country with respect to such Alternate Currency (or in London) as Administrative Agent or the Issuing Bank, as applicable, shall from time to time nominate for this purpose.

(b) In relation to the payment of any amount denominated in any Alternate Currency, neither the Administrative Agent nor the Issuing Bank shall be liable to Borrower or any of the Lenders for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Administrative Agent or the Issuing Bank if such Administrative Agent or Issuing Bank shall have taken all relevant and necessary steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in any Alternate Currency) to the account with the bank in the principal financial center of the Issuing Country with respect to such Alternate Currency (or in London) which Borrower or, as the case may be, any Lender shall have specified for such purpose. In this Section 10.19(b), “**all relevant steps**” means all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or settlement system as Administrative Agent or Issuing Bank may from time to time determine for the purpose of clearing or settling payments of any Alternate Currency. Furthermore, and without limiting the foregoing, neither the Administrative Agent nor the Issuing Bank shall be liable to Borrower or any of the Lenders with respect to the foregoing matters in the absence of its gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision or pursuant to a binding arbitration award or as otherwise agreed in writing by the affected parties).

#### **WAIVER OF NOTICE OF PREPAYMENT UNDER EXISTING CREDIT AGREEMENT.**

The Lenders party hereto who constitute “Required Lenders” as defined in and under the Existing Credit Agreement immediately prior to the effectiveness of this Agreement hereby waive the three Business Day notice requirement for repayment of Eurocurrency Borrowings set forth in clause (i) of Section 2.10(g) of the Existing Credit Agreement; *provided* that this Section 10.20 shall apply only upon the effectiveness of this Agreement.

#### **EFFECT OF AMENDMENT AND RESTATEMENT OF THE EXISTING CREDIT AGREEMENT.**

The parties hereto acknowledge and agree that (i) this Agreement and the other Loan Documents, whether executed and delivered in connection herewith or otherwise, do not constitute a novation or termination of the “Obligations” (as defined in the Existing Credit Agreement) under the Existing Credit Agreement as in effect prior to the Closing Date and which are in all respects continuing (as amended and restated hereby) under this Agreement, except to the extent that any such obligations have been repaid by the Borrower or any other Loan Party or otherwise satisfied on or prior to the Closing

Date pursuant to the terms of this Agreement, (ii) the Liens and security interests as granted under the Loan Documents (including, for the avoidance of doubt, the English Share Charge) securing payment of such “Obligations” are in all respects continuing and in full force and effect after giving effect to this Agreement and the transactions contemplated hereby, (iii) unless the context requires otherwise, references in the Loan Documents to the “Loan Agreement” or “Credit Agreement” shall be deemed to be references to this Agreement (as amended, supplemented or otherwise modified from time to time), and to the extent necessary to effect the foregoing, each such Loan Document is hereby deemed amended accordingly, (iv) unless the context requires otherwise, all references in the Loan Documents to the “Administrative Agent” shall be deemed to refer to the Administrative Agent under this Agreement and all references in the Loan Documents to “Lenders” or a “Lender” shall be deemed to refer to the Lenders as defined in this Agreement, and to the extent necessary to effect the foregoing, each such Loan Document is hereby deemed amended accordingly, and (v) all Liens granted to the Administrative Agent under the Existing Credit Agreement or any Lender under the Existing Credit Agreement shall be deemed to constitute Liens granted to the Administrative Agent on behalf of the Lenders and the Issuing Bank under this Agreement, and to the extent necessary to effect the foregoing, each such Loan Document is hereby deemed amended accordingly.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CSG SYSTEMS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Name: Peter E. Kalan  
Title: President and Chief Executive Officer

CSG SYSTEMS, INC.  
CSG INTERACTIVE MESSAGING, INC.  
CSG SERVICES, INC.  
CSG INTERNATIONAL HOLDINGS, LLC  
TELUTION, INC.  
COMTECNET, INCORPORATED  
CSG INTERNATIONAL DP, INC.  
INTEC USA, INC.  
CSG CYBER SOLUTIONS, INC.  
VOLUBILL , INC.

By: \_\_\_\_\_  
Name: Peter E. Kalan  
Title: President

INTEC BILLING, INC.

By: \_\_\_\_\_  
Name: Peter E. Kalan  
Title: Director

CSG MEDIA, LLC

By: \_\_\_\_\_  
CSG Systems, Inc.,  
as Manager

By: \_\_\_\_\_  
Name: Peter E. Kalan  
Title: President and Chief Executive Officer

ROYAL BANK OF CANADA, as Administrative Agent and Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

ROYAL BANK OF CANADA, as Lender, Issuing Bank and Swingline Lender

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

### Applicable Margin

Net Secured Total Leverage Ratio	Loans	
	Eurocurrency	ABR
<b>Level I</b> ≥ 2.0:1.0	2.75%	1.75%
<b>Level II</b> < 2.0:1.0 but ≥ 1.75:1.0	2.50%	1.50%
<b>Level III</b> < 1.75:1.0 but ≥ 1.50:1.0	2.25%	1.25%
<b>Level IV</b> < 1.50:1.0 but ≥ 1.00:1.0	2.00%	1.00%
<b>Level V</b> < 1.00:1.0	1.75%	0.75%

Each change in the Applicable Margin resulting from a change in the Net Secured Total Leverage Ratio shall be effective with respect to all outstanding Loans and Letters of Credit on and after the fifth Business Day after the date of delivery to the Administrative Agent of the financial statements and certificates required by Section 5.01(a) or (b) and Section 5.01(c), respectively, indicating such change until the fifth Business Day after the next date of delivery of such financial statements and certificates indicating another such change. Notwithstanding the foregoing, the Net Secured Total Leverage Ratio shall be deemed to be in Level I (i) at any time during which Borrower has failed to deliver the financial statements and certificates required by Section 5.01(a) or (b) and Section 5.01(c), respectively, and (ii) at any time during the existence of an Event of Default.

In the event that any financial statement or Compliance Certificate delivered pursuant to Section 5.01 is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected would have led to a higher Applicable Margin for any period (an “**Applicable Period**”) than the Applicable Margin applied for such Applicable Period, then (i) Borrower shall immediately deliver to the Administrative Agent a correct Compliance Certificate for such Applicable Period, (ii) the Applicable Margin shall be determined by reference to the corrected Compliance Certificate (but in no event shall the Lenders owe any amounts to Borrower), and (iii) Borrower shall immediately pay to the Administrative Agent the additional interest owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with the terms hereof. This paragraph shall not limit the rights of the Administrative Agent and the Lenders hereunder.





4. Customer and CSG have entered into that certain Statement of Work (CSG document #2503499) titled "Dynamic Event Management and EST Couponing Solution" (the "First Dynamic Triggering SOW") to prescribe the fees, terms and conditions for CSG to configure and deploy the Dynamic Triggering Solution, including the \*\*\*\*\*(\*) \*\*\*\*\* \*\* defined therein.
5. As of the Amendment Effective Date, Schedule C, Recurring Services, of the Agreement is hereby amended by adding a new Exhibit C-31 entitled "Dynamic Triggering Solution" in the form attached hereto as Attachment A.
6. As of the Amendment Effective Date, Schedule F, Section IV. Ancillary Products and Services, Subsection A. titled "Ancillary services for Non-Rated Video and Non-Rated High-Speed Data and Residential Voice Services," is hereby amended to add a new Subsection 5. titled "Dynamic Triggering Solution," as follows:

Description of Item/Unit of Measure	Frequency	Fee
<b>5. Dynamic Triggering Solution</b>		
a) ***** (Notes 1-3)	***_***	\$***** **
b) ***** (Notes 1-3)		
c) ***** (Notes 4-6)	*****	\$ ***** **

**Note 1:** Design, development and implementation services ad lead times for the initial deployment of the Dynamic Triggering Solution are set forth in the First Dynamic Triggering SOW.

**Note 2:** The \*\*\*\*\* (as defined in Exhibit C-31) and the \*\*\*\*\* by a Dynamic Triggering Subscriber shall be governed by the \*\*\*\*\* which agreement governs the fees, terms and conditions relative and the services provided by Media to \*\*\*\*\* supporting the use by Dynamic Triggering Subscribers of the \*\*\*\*\* For the avoidance of doubt, for so long as the Dynamic Triggering Solution utilizes the \*\*\*\*\* pursuant to the \*\*\*\*\* Customer will not be billed directly by CSG for any fees associated with the \*\*\*\*\* by a Dynamic Triggering Subscriber on or through such \*\*\*\*\* ("\*\*\*\*\* Fees"). Rather, \*\*\*\*\* Fees shall be billed by CSG to \*\*\*\*\* under the \*\*\*\*\*

**Note 3:** Fees for use of CSG's \*\*\*\*\* and \*\*\*\*\* as part of the Dynamic Triggering Solution shall be invoiced according to the already agreed-upon pricing and invoicing terms previously defined in the Agreement. If Customer elects for CSG to integrate the Dynamic Triggering Solution to \*\*\*\*\* (as available in the First Dynamic Triggering SOW), Customer is responsible for all fees for the use of \*\*\*\*\*

**Note 4:** Production Support will commence after the deployment of the Dynamic Triggering Solution into production. The \*\*\*\*\* Production Support and Maintenance Fee is due to CSG in advance each year, with (i) the first \*\*\*\*\* Production Support and Maintenance Fee to be invoiced as of the date the Dynamic Triggering Solution is made available by CSG to Customer in compliance with the First Dynamic Triggering SOW and available for deployment into production and (ii) subsequent \*\*\*\*\* Production Support and Maintenance Fees to be invoiced \*\*\*\*\* Production Support and Maintenance Fee is invoiced. In consideration of Customer's payment of the Production Support and Maintenance Fee, Customer will receive up to \*\*\*\*\* of Production Support and Maintenance with respect to the Dynamic Triggering Solution, which Production Support and Maintenance excludes support for issues with the \*\*\*\*\* or other subject matter of the \*\*\*\*\* (which will be supported by CSG as set forth in the \*\*\*\*\*). Additional fees will be charged for Production Support and Maintenance \*\*\*\*\* exceeding this \*\*\*\*\* limit and will be set forth in a mutually agreed separate Statement of Work or Letter of Authorization.

**Note 5:** The \*\*\*\*\* Production Support and Maintenance fee covers \*\*\*\*\* of post deployment support, including answering functional questions and resolving Customer reported concerns, CSG operating support and operating systems software licensing. For purposes of Production Support and Maintenance, the Dynamic Triggering Solution is deemed a Recurring Service under the Agreement. CSG will be responsible for resolution of Dynamic Triggering Solution defects caused by the CSG systems used to provide such solution (i.e., excluding other Customer or third party systems used in connection with the solution). As provided in Note 4 above, maintenance and support of the \*\*\*\*\* and \*\*\*\*\* shall be provided by CSG to \*\*\*\*\* pursuant to the \*\*\*\*\* (and its related maintenance and support terms and conditions). Future enhancements and changes to the Dynamic Triggering Solution, including CSG's configuration of \*\*\*\*\* beyond the \*\*\*\*\* defined in the First Dynamic Triggering SOW, will be set forth in a mutually agreed upon Statement of Work. Production Support and Maintenance is intended to address production issues only and does not include pre-release testing, or any changes to the Dynamic Triggering Solution required by the use of new features, functions, products, or substantive configuration changes.

**Note 6:** The fees set forth in the fee table above are subject to increase pursuant to Section 5.4, Adjustment to Fees, of the Agreement. Additionally any new functionality added to the Dynamic Triggering Solution may incur an increase in fees set forth in the fee table.

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

**COMCAST CABLE COMMUNICATIONS  
MANAGEMENT, LLC ("CUSTOMER")**

**CSG SYSTEMS, INC. ("CSG")**

By: /s/ Peter Kiriacoulacos

By: /s/ Joseph T. Ruble

Name: Peter Kiriacoulacos

Name: Joseph T. Ruble

Title: Chief Procurement Officer

Title: EVP, CAO & General Counsel

Date: 10-16-14

Date: 17 Oct 2014

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ATTACHMENT A

FORM OF EXHIBIT C-31

Exhibit C-31

Dynamic Triggering Solution

1. The Dynamic Triggering Solution is a \*\*\*\*\* solution that leverages a set of dynamic \*\*\*\*\* capabilities within CSG's suite of Services. The Dynamic Triggering Solution enables Customer to receive \*\*\*\*\* and \*\*\*\*\* to those subscribers that have been identified by Customer ("Dynamic Triggering Subscribers").

The Dynamic Triggering Solution uses four principal CSG Services:

- CSG's \*\*\*\*\* , which will implement \*\*\*\*\* and the related custom workflows and business rules developed by CSG's Professional Services Group. The \*\*\*\*\* may be generated from \*\*\*\*\* captured by Customer, CSG and/or third party's systems, and examples include \*\*\*\*\* . The specific \*\*\*\*\* and \*\*\*\*\* that may be deployed from time-to-time by Customer using the Dynamic Triggering Solution will be prescribed in a mutually agreed upon Statement of Work.
- CSG's \*\*\*\*\*@, a web based \*\*\*\*\* application that allows for \*\*\*\*\* for \*\*\*\*\* or \*\*\*\*\* based \*\*\*\*\* , will be used to deliver the \*\*\*\*\* by the Dynamic Triggering Solution. Consistent with the terms of First Dynamic Triggering SOW, Customer may also request that the Dynamic Triggering Solution use \*\*\*\*\* in addition to and/or in lieu of CSG's \*\*\*\*\* .
- CSG's \*\*\*\*\* , which allows for the \*\*\*\*\* of \*\*\*\*\* (as defined in the First Dynamic Triggering SOW) to Dynamic Triggering Subscribers. \*\*\*\*\* may be generated by Customer and imported into the \*\*\*\*\* or the \*\*\*\*\* can \*\*\*\*\* managed by the \*\*\*\*\* may be \*\*\*\*\* on the \*\*\*\*\* . Unless Customer retains CSG to manage the \*\*\*\*\* via an SOW or LOA, Customer is responsible to operationally manage the \*\*\*\*\* .
- CSG's \*\*\*\*\* , an \*\*\*\*\* that enables Dynamic Triggering Subscribers to \*\*\*\*\* , which stores \*\*\*\*\* and then \*\*\*\*\* on a \*\*\*\*\* supported by the specific configuration of the \*\*\*\*\* .

2. The specific configuration of the Dynamic Triggering Solution shall be as prescribed in mutually agreed Statements of Work executed by the Parties from time-to-time.

3. The Dynamic Triggering Solution will be subject to the recurring fees set forth in Schedule F, Fees, CSG Services, Subsection IV. "Ancillary Services for Non-Rated Video and High-Speed Data and Residential Voice Services," Subsection 5, Dynamic Triggering Solution, and those set-up and implementation services fees set forth in mutually agreed Statements of Work executed by the Parties from time-to-time that define and implement a specific \*\*\*\*\* or \*\*\*\*\* .

4. The Dynamic Triggering Solution will be subject to the Production Support and Maintenance Fee set forth in Schedule F, Fees, CSG Services, Subsection IV. "Ancillary Services for Non-Rated Video and High Speed Data and Residential Voice," Subsection 5, Dynamic Triggering Solution.



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

Exhibit 10.22L

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

**COMCAST CABLE COMMUNICATIONS  
MANAGEMENT, LLC (“CUSTOMER”)**

**CSG SYSTEMS, INC. (“CSG”)**

By: /s/ Jeur Abein

By: /s/ Joseph T Ruble

Name: Jeur Abein

Name: Joseph T. Ruble

Title: Senior Vice President Procurement

Title: EVP, CAO & General Counsel

Date: 11-18-2014

Date: 23 Oct 2014

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

**This THIRTEENTH Amendment** (the "Amendment") is made by and between **CSG Systems, Inc .** ("CSG") and **Comcast Cable Communications Management, LLC** ("Customer"). The Effective Date of this Amendment is the date last signed below (the "Amendment Effective Date"). CSG and Customer entered into a certain CSG Master Subscriber Management Agreement (CSG document #2501940) effective March 1, 2013 (the "Agreement") and now desire to amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

CSG and Customer agree to the following:

1. Customer desires to utilize the services of CSG's Professional Services Group to design , develop, and implement a solution that will notify and provide additional contract details to Customer's Customer Account Executives using ACSR® Order Workflow.
2. As of the Amendment Effective Date, Schedule F, Section IV. Ancillary Products and Services, Subsection A. titled "Ancillary services for Non-Rated Video and Non-Rated High-Speed Data and Residential Voice Services," is hereby amended to add a new Subsection 6. titled "CSG Contract Service Integration Solution," as follows:

Description of Item/Unit of Measure	Frequency	Fee
<b>6.CSG Contract Service Integration Solution (Note 1)</b>		
<b>a) Production Support and Maintenance Fee (Note 2) (Note 3)</b>	*****	\$ *, ***, **
<b>b) Application hosting (Note 4)</b>	*****	\$, ****. **

**Notes pertaining to Section 6 titled "CSG Contract Service Integration Solution" in the above table:**

- Note 1:** Design, development and implementation services and lead times will be set forth in a mutually agreeable Statement of Work.
- Note 2:** Production support will commence after the deployment of the Contract Service Integration Solution to production. Production support is limited to \*\*\*\*\*\_\*\*\*\*\* (\*\*). \*\*\*\*\*. In the event usage of the production support exceeds \*\*\*\*\*\_\*\*\*\*\* (\*\*). \*\*\*\*\*, such usage shall be subject to additional fees which will be invoiced for hours in excess of this \*\*\*\*\* limit and will be set forth in a separate Statement of Work or Letter of Authorization as appropriate.
- Note 3:** The \*\*\*\*\* Production Support and Maintenance fee covers post deployment support, including answering functional questions and resolving Customer reported concerns. CSG will be responsible for resolution of Contract Service Integration Solution defects. Future enhancements are not included as part of the Contract Service Integration Solution production support and maintenance; therefore, any request for changes thereto must be set forth in a mutually agreeable Statement of Work. Future enhancements include, but are not limited to, changing the solution to operate with systems other than ACSR®. Production support and maintenance is provided for production issues only and does not include pre-release testing, or any changes to the Contract Service Integration Solution required by the use of new features, functions, products, or substantive configuration changes.
- Note 4:** The application hosting fees contemplate \*\*\*\* (\*) \*\*\*\*\* and \*\*\* (\*) \*\*\*\*\*. If volumes warrant additional \*\*\*\*\*, the hosting fee will be re-evaluated. Multiple load balanced \*\*\*\*\* are assumed to be required to handle the volume. A \*\*\*\*\* and \*\*\*\*\* will be utilized to \*\*\*\*\*. Neither this architecture nor the Contract Service Integration Solution are subject to current CSG SLAs. Support is available \*\*/\* for the Contract Service Integration Solution.

The fees set forth in the fee table above are subject to increase pursuant to Section 5.4, Adjustment to Fees, of the Agreement.

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

**COMCAST CABLE COMMUNICATIONS  
MANAGEMENT, LLC (“CUSTOMER”)**

**CSG SYSTEMS, INC. (“CSG”)**

By: /s/ Jeur Abein

By: /s/ Peter E Kalan

Name: Jeur Abein

Name: Peter E. Kalan

Title: Senior Vice President Procurement

Title: President & CEO

Date: 11/6/2014

Date: November 5, 2014



**FORTY-SEVENTH AMENDMENT  
TO THE  
CSG MaSTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT  
BETWEEN  
CSG SYSTEMS, INC.  
AND  
DISH NETWORK L.L.C.**

This FORTY-seventh 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. Certain Products have been implemented pursuant to SOW #2506774, CPPM-040 – Prin Level Event Royalty/Usage Summary report, and pursuant to SOW #2508144, CPSD-056 – Lockbox Accepted report. As a result, the CPPM-040 - Prin Level Event Royalty/Usage Summary report and the CPSD-056 - Lockbox Accepted report, are hereby added to the table set forth in Attachment 1 to Exhibit B-1(a) of the Agreement.
2. CSG and Customer agree that CSG is no longer required to provide and Customer no longer wishes to use the "CTD Display" daily data extract ("DDE") or the "Memo Account Deletes" monthly data extract ("MDE") as of January 1, 2015. As a result, all references to "CDT Display" DDE and "Memo Account Deletes" MDE are hereby deleted from the Agreement.
3. CSG and Customer agree to AMEND SCHEDULE F, FEES, CSG SERVICES, of the Agreement, Section I. Processing, Subsection C. entitled "Listing of Products and Services to be provided to Customer by CSG in consideration of the Monthly Processing Fee," by deleting in its entirety item 10, as previously amended by the Fortieth Amendment, and replace it with the following item 10:

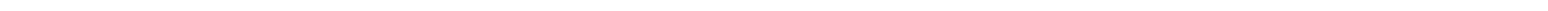
10. The recurring fee associated with one CCS monthly data extract ("MDE") or daily data extract ("DDE") that includes:

#	Name	MDE or DDE
1	*****	DDE
2	*****	DDE
3	*****	DDE
4	*****	DDE
5	*****	DDE
6	*****	DDE
7	*****	DDE
8	*****	DDE
9	*****	DDE

#	Name	MDE or DDE
10	*****	DDE
11	***	DDE
12	*****	DDE
13	****	DDE
14	*****	DDE
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45	***_***_*****	MDE
46	*****	DDE
47	*****_*****	DDE
48	*****	DDE
49	*****	DDE
50	***	DDE
51	*****_*****	MDE
52	*****_*****	MDE
53	*****_*****	MDE

Refer to Section I.E.4 under **CSG SERVICES** for the applicable fees associated with any additional CCS MDEs or DDEs in excess of one, as well as data extract refreshes and updates, that will be billed separately.

4. CSG and Customer further agree, **SCHEDULE F**, FEES, CSG SERVICES, of the Agreement, Section I. Processing, Subsection E. entitled “Ancillary services for Non-Rated Video and Non-Rated High-Speed Data Services,” Note 2 is hereby deleted and replaced with the following Note 2:



Note 2. The recurring fee in relation to \*\*\* (\*) CCS daily data extract has been included in the Monthly Processing Fee. In the event that Customer requests an existing MDE or DDE (as listed in Section I.C. under **CSG SERVICES**, item 10) be replaced by a net new MDE or DDE, each request will be reviewed by CSG on a case by case basis. If CSG agrees to replace the existing MDE or DDE with the new MDE or DDE, the existing MDE or DDE will be turned off upon delivery of the new MDE or DDE. If CSG does not agree to replace an existing MDE or DDE, the charges as specified in item 4.e in Section I.E. under **CSG SERVICES** will be applied as “Recurring, per data extract, per Active Subscriber as calculated at month end.” As a result, the table below represents MDEs or DDEs which have been turned off by CSG and are no longer used by Customer. CSG and Customer may agree to replace these with mutually agreed MDEs or DDEs covered by the Monthly Processing Fee.

#	Name	MDE or DDE
1	**** * ***** * ***** *	MDE
2	*** * ***** *	DDE

5. CSG and Customer agree that CSG is no longer required to provide and Customer no longer wishes to use the Recurring Memo Daily Data Extract service effective January 1, 2015. As a result, CSG and Customer agree to delete the Service from the Agreement. Therefore, **SCHEDULE F**, FEES, CSG SERVICES, of the Agreement, Section I.E.4 Subsection e) entitled “Data Extracts” item for “Recurring Memo Daily Data Extract” shall be hereby deleted in its entirety.

6. (a) Pursuant to the Forty-First Amendment to the Agreement, dated March 4, 2014 (Document #2504666), a financial snapshot report (CPSM-318) and \*\*\*\*\* (\*) associated tables in CSG Vantage® (the “**Financial Forecaster Light in CSG Vantage**”) and pursuant to the SOW to the Agreement, dated September 2, 2014 (Document #2507842), a daily snapshot report (CPSM-308) and \*\*\*\*\* (\*) associated tables in CSG Vantage were added to the Agreement. Therefore, Note 1 of **SCHEDULE F**, “FEES,” CSG SERVICES, of the Agreement, Section XIII, entitled “Financial Forecaster in CSG Vantage” is hereby deleted in its entirety and replaced with the following:

Note 1. Includes the delivery of the CPSM-318 daily snapshot report in Vantage Plus and \*\*\*\*\* (\*) associated tables in CSG Vantage, as well as, the delivery of the CPSM-308 daily snapshot report in Vantage Plus and \*\*\*\*\* (\*) associated tables in CSG Vantage.

(b) **SCHEDULE A**, “Services,” of the Agreement is hereby AMENDED to add the following as a new **Attachment 2 to Exhibit A-5** :

**Attachment 2 to Exhibit A-5  
Financial Forecaster Light in CSG Vantage**

Report #	Report Description	Vantage Tables
****_***	Daily report of the Monthly Financial Summary report	** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _*
****_***	Daily report of the Monthly Earned/Unearned Revenue report	** _** _** _*** _** _* ** _** _** _*** _** _* ** _** _** _*** _** _*

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/ John W Swieringa

By: /s/ Joseph T Ruble

Name: John W. Swieringa

Name: Joseph T. Ruble

Title: Senior Vice President and Chief Information  
Officer

Title: EVP, CAO & General Counsel

Date: Dec 18, 2014

Date: 18 Dec 2014

**EIGHTY-SIXTH AMENDMENT  
TO THE  
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT  
BETWEEN  
CSG SYSTEMS, INC.  
AND  
TIME WARNER CABLE INC.**

This Eighty-sixth 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), 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 its terms.

**WHEREAS**, pursuant to Statements of Work previously executed by and between CSG and certain of Participating Affiliates, Customers currently own \*\*\*\*\* (\*\*) kiosk units located at the Customer designated locations more particularly identified in Attachment D to Exhibit C-4 attached hereto (the "Existing Kiosk Units) for which CSG is performing the Payment Kiosk Services (as defined below) pursuant to the terms of the executed Statements of Work referenced above; and

**WHEREAS**, Customers desire to have, and CSG agrees to provide Customers with, (i) the ability to purchase additional kiosk units as more fully described in Attachment D to Exhibit C-4 (the "Additional Kiosk Units" and together with the Existing Kiosk Units, the "Kiosk Units") pursuant to the terms herein for purchase and deployment of such Additional Kiosk Units to Customers' designated locations, and, further, (ii) the Payment Kiosk Services for each of the Existing Kiosk Units, as applicable, and the Additional Kiosk Units.

**NOW, THEREFORE**, CSG and TWC agree to the following upon the Effective Date:

**1.** TWC desires and CSG agrees to provide the Payment Kiosk Services to (i) allow Customers to purchase and deploy Additional Kiosk Units for (a) TWC and Participating Affiliates for Connected Subscribers and (b) TWC and Affiliates for Non-ACP Subscribers and (ii) provide the Warranty (defined below) services and Kiosk Software Support Services (defined below) (collectively, the "Payment Kiosk Services") for Existing Kiosk Units and Additional Kiosk Units, pursuant to the terms and conditions stated herein and in the Agreement. Upon execution of this Amendment, the Agreement is amended as follows:

- (a) Schedule B, Basic Products and Additional Products and Associated Exhibits of the Agreement is hereby amended by adding the following to the list of "Additional Products" in Schedule B and by adding the paragraph titled "Kiosks" below to the Section titled "Product Descriptions" in Schedule B:

The Existing Kiosk Units, the Additional Kiosk Units and all Kiosk Software (defined below)

**Kiosks** . CSG will provide, and Customers may purchase from CSG, Additional Kiosk Units, as more particularly described in Exhibit C-4, Attachment D.

- (b) Schedule C, Basic Services and Additional Services and Associated Exhibits of the Agreement is hereby amended by adding the following to the Section entitled "Additional Services":

Precision eCare® Payment Kiosks - *Exhibit C-4 Attachment D*

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6. Kiosk PCI-Security Responsibilities. CSG and Customer agree to comply with their respective responsibilities provided in that certain Kiosk PCI-Security document (CSG document no. 2508082), attached hereto as Attachment 1 and incorporated herein by reference, which shall be binding on the Parties, subject to the terms of this Agreement and may be updated from time to time by mutual agreement of the parties to identify roles and responsibilities related to the Product in a manner consistent with then-current industry standards and PCI-DSS standards ("Roles and Responsibilities Document"). Any modification or revision of the Kiosk PCI-Security document shall be approved in writing by the CIO of CSG and an appropriate officer of Customer. In the event the parties are unable to agree upon any modification or revision to the Kiosk PCI-Security in connection with a future change to the PCI-DSS standard, the parties shall escalate the matter as provided in the Agreement to appropriate officers of the respective parties for resolution. CSG acknowledges and agrees that it is responsible for cardholder data which it possesses, accesses, processes, transmits, otherwise possesses or stores in relation to the Kiosk Units and related Payment Kiosk Services. Nothing herein limits CSG's responsibilities under Section 10.5 (Privacy and Data Security Obligations) of the Agreement with respect to the Kiosk Software.
7. CSG shall be responsible for ensuring that any necessary modifications (whether to the Hardware Components or the Kiosk Software) are made to each Kiosk Unit hereunder after a redesigned or new \$100 bill or any bill of a lesser dollar denomination is put into circulation by the U.S. treasury so that each Kiosk Unit will accept such new or redesigned U.S. currency bill ("Currency Update Requirements"). Such modifications shall be made to each Kiosk Unit as soon as commercially reasonably possible after the bill acceptor manufacturer has made the applicable firmware update available to CSG but in no event, (i) for modifications performed by CSG remotely, later than sixty (60) days, and, (ii) for modifications performed by CSG or its Hardware TPV, later than ninety (90) days ("Currency Update Period").

Kiosk Units shipped to Customers after a redesigned or new \$100 bill or any bill of a lesser dollar denomination is put into circulation by the U.S. treasury shall accept all such new or redesigned \$100 bills and any bills of a lesser dollar denomination. Pursuant to Note 4 of the fee table above, CSG may charge the applicable Customer the applicable fee(s) set forth on the then-current Quarterly Price List for any additional or replacement Hardware Components necessary to meet the Currency Update Requirements (except that any necessary firmware or driver modifications shall be provided at no additional charge), such fee(s) to be invoiced once the Kiosk Unit is modified such that it will accept such new or redesigned U.S. currency bill (without causing any failure of the Kiosk Unit to operate in accordance with the Thinman Specifications and the Kiosk Software Specifications). No additional fees beyond the annual Kiosk Software Support Services Fees may be charged by CSG to any Customer for any Kiosk Software enhancement necessary in connection with the Currency Update Requirements.

8. CSG shall be responsible for ensuring that the Kiosk Unit connectivity is integrated with Customer's SOA (as defined in Section 12 of these Miscellaneous Terms) in accordance with the then-current version of the technical specifications documentation that is approved by Customer in writing in the applicable Statement of Work for deployment of the Kiosk Unit.
9. CSG shall be responsible for ensuring that the Precision eCare® Payment Kiosk website is in compliance with CSG's published specifications for the Kiosk Software as well as Customer's business requirements and the then-current version of the technical specifications documentation that is approved by Customer in writing in the applicable Statement of Work for deployment of the Kiosk Unit which shall include, but not be limited to English and Spanish language used for website content and error messages, Kiosk Unit flow customizations and account look up and bill presentment and bill payment features ("Kiosk Software Specifications").
10. CSG shall provide TWC with at least \*\*\*\*\* (\*\*)' advance written notice of any proposed change of the Hardware TPV, or in the form design or exterior aesthetics of the Additional Kiosk Units. Any changes in the form design, or exterior aesthetics, of Kiosk Units must be pre-approved by TWC in writing (email is sufficient) prior to shipment of such changed Kiosk Unit to Customers.

11. CSG shall ensure that the Kiosk Units shall not include any functionality that permits a Connected or a Non-

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ACP Subscriber to suppress paper bill statements or to authorize recurring payments without the approval of TWC's Law Department.

12. CSG is not responsible for: (i) obtaining any required governmental approvals or licenses regarding the physical location of the Kiosk Unit at the site designated by Customer; (ii) providing support of the Hardware Components to the extent not covered by the Warranty; or (iii) providing nightly cash drawer collections from the Kiosk Unit and related settlement functions and reporting.
  13. TWC is responsible for ensuring that Customer's Service Oriented Architecture ("SOA") is available for integration with the Kiosk Units; CSG is responsible for ensuring the integration of the SOA to Precision eCare pursuant to that certain Statement of Work, "Implement Enhancement to Precision eCare Payment Kiosk," executed by the Parties as of November 8, 2013 (CSG document no. 2503563).
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Exhibit 2  
to  
Attachment D to Exhibit C-4

WARRANTY

**Trouble Report and Process; Hardware Warranty and Onsite Hardware Warranty Services**

1. **Trouble Report and Process :** To initiate Warranty services, notification will be provided from Customer to CSG that a Kiosk Unit or Hardware Component within a Kiosk Unit is out of order or that any issue covered under the Warranty has occurred. When a problem occurs with a Kiosk Unit, Customer will call CSG's International Service Desk ("ISD") for Level 1 support, to report the issue. The Kiosk Unit serial number and, if applicable, the failed Hardware Component identification (if known) will be required when Customer calls the ISD for assistance. The ISD will engage CSG's Level 2 operational support who will contact Customer to begin troubleshooting and identification of the issue.
  2. **Hardware Warranty :** CSG (by and with its Hardware TPV) hereby warrants that, except as otherwise provided herein: (i) the Hardware Components in each Kiosk Unit (as such Hardware Components are identified in each Statement of Work executed between a Customer and CSG for deployment of Additional Kiosk Units and, with respect to the Existing Kiosk Units, as identified in the respective Statements of Work for the Existing Kiosk Units), will be free from defects in material and workmanship, (ii) the Kiosk Unit (including all device firmware) shall perform in accordance with the specifications described in the Thinman User Manual (the "Thinman Specifications") in all material respects, and (iii) upon the date of delivery to the Customer's designated location, the Kiosk Unit shall comply with the Americans with Disabilities Act of 1990 and any other Legal Requirements then in effect that impact the Hardware Components; provided, however, that CSG's obligations as provided in this clause (iii) shall not apply to the extent Customer's use of the Hardware Components is in a manner which is non-compliant with applicable laws, rules, regulations and requirements where such violation of law is not caused by a failure of the Hardware Components themselves to be compliant with applicable laws, rules, regulations or requirements (e.g. the screen height of the Kiosk Unit is ADA compliant but Customer chooses to place the Kiosk Unit on a platform that results in a disabled person being unable to reach the screen of the Kiosk Unit, and such placement causes a violation of the ADA).  
  
CSG (through its Hardware TPV) shall repair or replace any defective Hardware Component within \*\*\* (\*) \*\*\*\*\* \*\*\*\* following diagnosis of the issue identified in Customer's trouble report at no to cost to Customer, including all shipping expenses.
  3. **Onsite Hardware Warranty Services :** Following CSG's receipt of a trouble report from Customer (a) CSG shall call Customer within \*\*\*\* (\*) \*\*\*\*\* \*\*\*\* to commence remote troubleshooting; (b) upon completion of remote troubleshooting and identification that the reported trouble involves a Hardware Component issue and that an onsite technician is required to resolve the issue, a technician will be scheduled by CSG (through its Hardware TPV) to, and shall, arrive onsite at the Kiosk Unit location within \*\*\* (\*) \*\*\*\*\* \*\*\*\*. CSG shall use commercially reasonable efforts to cause the technician to arrive at the Kiosk Unit location with all necessary materials and parts, and such technician shall perform the necessary services to repair the Hardware Component (including replacement of any Hardware Component(s) that is inoperative), install all necessary firmware and drivers for the respective Hardware Component's functionality, and test the Kiosk Unit as a whole to ensure that the reported problem(s) have been corrected and that the Hardware Components of the Kiosk Unit are performing in accordance with the Thinman Specifications.
  4. **O/S Support and Maintenance and Anti-Virus Software Responsibilities :** The tasks and activities that are the responsibility of CSG with respect to support and maintenance of the operating system software for the Kiosk Unit are as set forth in the Roles and Responsibilities Document. Except for troubleshooting activities and the activities set forth in the Roles and Responsibilities Document that are CSG's responsibility, CSG is not responsible for the support and maintenance of the operating system software for the Kiosk Unit.
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**Hardware Warranty Exclusions/Out-of-Scope :**

- Updates to Hardware Components, new required parts, materials and components as a result of changes in the EMV Standard, the Currency Update Requirements and/or the Legal or Requirements that impact the Hardware Components following the delivery date of any Kiosk Unit to a Customer's designated location; provided, however, that notwithstanding any other provision of this Exhibit 2, any necessary firmware and driver updates required to comply with any EMV Standard Modification, change in the Legal Requirements or Currency Update Requirements are included within the scope of the Warranty.
  - The Microsoft Windows operating system of the computer installed inside the Kiosk Unit (except for CSG's responsibilities under Attachment B to this Exhibit 2) and the Kiosk Software; any operating system failures or performance issues will require both Customer and CSG to work together to troubleshoot and diagnose. CSG will work in good faith to investigate operating system software issues and will work with Customer to repair any identified issues in a commercially reasonable manner.
  - Any component of the Kiosk Unit supplied by Customer or Customer's non-CSG suppliers.
  - Installation and testing of the Kiosk Software, including configuration or testing of the Kiosk Software or anti-virus software, network interfacing between the Kiosk Software and TWC's SOA, drivers not relating to the Hardware Components.
  - Customer-consigned parts or components, engineering or custom modifications or engineering changes not set forth in a Statement of Work between CSG and Customer.
  - Cleaning, replenishing expendables, and, after Customer's Acceptance of the Kiosk, arranging or positioning the Kiosk Unit.
  - Any failure of the Kiosk Unit that is attributable to any of the following (each, an "Excluded Failure"):
    - Misuse
    - Vandalism
    - Physical abuse
    - Accident
    - Modification of the Kiosk Unit or any Hardware Component thereto, other than by CSG, the Hardware TPV or an authorized service provider of CSG)
    - Unsuitable physical environment
    - Maintenance by Customer or Customer's service organizations that are not approved by CSG
    - Removal or alteration of a part or of the Hardware Component identification by someone other than CSG, the Hardware TPV or a CSG authorized service provider
    - Damage as a result of relocation by Customer of a Kiosk Unit
    - Environmental acts of God
    - Failure caused by any part, material or component not included as a Hardware Component herein and not provided by CSG or the Hardware TPV
5. **Out-of-Scope Terms and Expenses; Exclusions :** If the problem is attributable (whether identified remotely or onsite) to a part, material or component that is outside the scope of the Warranty or that is determined to be caused by an Excluded Failure, then Customer will be charged for the necessary out-of-scope part(s) and services at the price(s) defined in the Quarterly Price List provided by CSG to Customer prior to the start of each quarter. In such case, CSG shall inform Customer of the out-of-scope charges as soon as commercially reasonable (which in some cases may be after the replacement part or technician services are complete). Customer and CSG acknowledge that the determination of a given repair being out-of-scope may happen at all stages throughout the troubleshooting and repair process.

The technicians dispatched to Kiosk Unit locations are not able nor certified to modify, disable, or certify any security software including but not limited to: logging applications, anti-virus software, anti-malware software, or firewall software.

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**ADDITIONAL WARRANTY TERMS:**

1. **Term:** The Warranty and Onsite Hardware Warranty Services are effective for \*\*\*\*\* (\*) \*\*\*\*\* beginning on the date of delivery of the Kiosk Unit to Customer's designated location (the "Warranty Period").
  2. **Service Hours :** Normal business hours for Warranty services, including Onsite Hardware Warranty Services, are deemed to be \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* , \* \*\* to \* \*\* local time, excluding U.S. observed holidays.
  3. **Limitations of Onsite Hardware Warranty Services:** The Onsite Hardware Warranty Services are limited to (a) removal and replacement of malfunctioning Hardware Components and correction of any other failure of the Kiosk Unit to comply with the Warranty, (b) installation of all necessary firmware and drivers for the Hardware Component being replaced, and (c) diagnostic testing to ensure that the reported problem(s) have been corrected and the Kiosk Unit is performing in accordance with the Thinman Specifications.
  4. **Kiosk Unit Keys:** Keys to the Kiosk Unit must be onsite and available prior to dispatch of a technician for Onsite Hardware Warranty Services.
  5. **Replacement Hardware Component:** The technician will arrive onsite with the replacement Hardware Component(s) or the replacement Hardware Component(s) will be shipped and delivered directly to Customer's designated location. The Hardware Component(s) that will be provided will be the Hardware Component(s) identified as needed during the remote troubleshooting between CSG and Customer.
  6. **Issue Diagnosis:** Customer and CSG will be actively engaged following Customer's trouble report and will use commercially reasonable efforts to identify the problem and diagnose the issue in order to expedite dispatch of the proper Hardware Components.
  7. **RMAs:** The service technician is responsible for returning replaced Hardware Components to CSG (or its Hardware TPV) and obtaining/including the appropriate RMA number on such returned Hardware Components.
  8. **Use of Refurbished Replacement Parts:** CSG (through its Hardware TPV) reserves the right to repair or replace with an in-kind Hardware Component from a refurbished and tested stock (at the sole discretion of CSG or Hardware TPV) so long as the functionality of such refurbished stock is like new and performance of the refurbished stock complies with the Thinman Specifications. Title to replacement Hardware Components shall pass to Customer upon Customer's receipt.
  9. **Impact on Warranty Period:** Replacing a Hardware Component does not change (and, specifically, does not extend) the Warranty Period.
  10. **Non-Hardware Component Warranty:** Non-Hardware Warranty service repairs requested by and pre-approved by Customers and provided by CSG (through its Hardware TPV) are warranted for \*\*\*\*\* (\*\*) \*\*\*\*\* after work is complete and accepted by Customer.
    11. **False or Errant Trouble Report:** If a service trip is deemed unnecessary after the technician arrives due to a false trouble report submitted by Customer, Customer agrees to pay for the technician's time onsite at the rate defined in the Quarterly Price List. Customer and CSG agree to jointly perform remote troubleshooting prior to dispatching technicians in order to reduce the risk of this situation occurring.
    12. **Relocating Kiosk Units:** With respect to each Kiosk Unit that Customer relocates, Customer must report the post-relocation address, contact, and phone numbers to CSG within \*\*\*\*\* (\*\*) \*\*\*\*\* of such relocation. If problems occur due to Customer providing an inaccurate physical address as Customer's designated location of a Kiosk Unit, Customer agrees to pay any related shipping costs to reroute Hardware Components shipped to the pre-relocation address for such Kiosk Unit and/or for the technician's time onsite at the rate defined in the \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* where the technician went to the pre-relocation address for such Kiosk Unit.
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**Exhibit 3**  
**to**  
**Attachment D to Exhibit C-4**

**Trademark and Branding Standards and Guidelines**

1. Definitions. For purposes of this Exhibit 3 to Attachment D to Exhibit C-4, the following terms have the meaning set forth below:

“Licensed Marks” means the Trademarks owned by TWX and licensed to TWC under the terms of the TWX License Agreement, including, without limitation, TIME WARNER CABLE and TWC.

“Trademarks” means any corporate names and trade names, trademarks, service marks, designs, logos, symbols, identifications, and/or other indicia of source origin.

“TWC” means Time Warner Cable Inc. and its direct and indirect subsidiaries.

“TWX License Agreement” means the Brand and Trade Name License Agreement between TWX and Time Warner Cable Inc. dated March 31, 2003, and upon termination of that agreement, the Brand and Trade Name License Agreement between TWX and Time Warner Cable Inc. dated May 20, 2008.

“TWC Marks” means any Trademarks owned or licensed by TWC, including, without limitation, the Licensed Marks.

“TWC Vendor” means a company supplying goods or services to TWC and to which the TWC Marks are provided in connection with the performance of the TWC Vendor’s contractual obligations to TWC.

“TWX” means Time Warner Inc., the licensor, under the TWX License Agreement.

2. At all times, TWC Vendor shall use the TWC Marks in accordance with those style(s) and use(s) specifically approved by TWC (e.g., templates for product packaging and quick start guides and related materials, as applicable), provided that TWC Vendor’s use of the TWC Marks in those style(s) and use(s) does not materially change and shall be subject to periodic review by TWC upon request. TWC shall have the right to periodically review TWC Vendor’s use of the TWC Marks in connection with the Agreement to ensure that, as applicable, the operation, quality, style and image thereof conforms to the high quality standards TWC employs in its own use of the TWC Marks (collectively, the “Quality Standards”). Upon request, TWC Vendor shall submit to TWC representative samples of current product packaging, quick start guides and related materials (as applicable) displaying any of the TWC Marks, at no cost to TWC, in order that TWC may be assured that the Quality Standards are being maintained, as applicable. In the event that TWC believe(s) that any such materials fail to meet the Quality Standards, TWC shall so notify TWC Vendor, in writing, and TWC Vendor shall take reasonable steps to promptly cease the use, display and distribution (as applicable) of any such non-complying materials.

3. TWC Vendor shall use the TWC Marks only in accordance with the terms of the agreement between TWC Vendor and TWC (“Agreement”), and, as applicable, the Quality Standards, solely to the extent reasonably required in connection with TWC Vendor’s performance as permitted under the Agreement.

4. TWC shall have the right to approve all uses of the TWC Marks.

5. TWC Vendor shall use its reasonable best efforts to not do anything itself, or aid or assist any other entity or person to do anything that would, or could reasonably be expected to (a) infringe, violate, tarnish, dilute, cause a loss of distinctiveness, harm, misuse or bring into disrepute the TWC Marks; (b) use the TWC Marks in any way which might be deceptive or misleading and/or (c) damage the goodwill of TWC, TWX and/or its or their affiliates or the TWC Marks associated therewith, as applicable.

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6. TWC Vendor acknowledges that TWX is the exclusive owner of the Licensed Marks and that TWC, as licensee under the TWX License, has the right to use the Licensed Marks in connection with the Agreement. All rights in and to the Licensed Marks and all modifications, enhancements and derivative works created with respect thereto are, and shall remain, the property of TWX, as applicable, subject only to the license granted to TWC Vendor pursuant to the Agreement. Nothing in the Agreement shall confer or imply any right of ownership in any TWC Marks in TWC Vendor. TWC Vendor acknowledges the validity of the TWC Marks and shall not attack or challenge the title of TWC or TWX, as applicable, in and to the TWC Marks or any trademark, trade name, brandmark, brand name, domain name, trade dress or logo or other intellectual property or proprietary rights relating thereto. TWC Vendor acknowledges that all rights, including goodwill, accruing from its use of the TWC Marks shall inure to the benefit of TWC or TWX, as applicable.
7. TWC Vendor shall, in accordance with reasonable commercial standards, with all uses the TWC Marks, (a) indicate the trademark and copyright status of the TWC Marks by use of the “TM” or “®” and/or “©” symbols, as appropriate, and (b) include the following notice for protection of the TWC Marks: “[Insert applicable trademark or copyright] is a [trademark or copyright] of [Time Warner Cable Inc.] [Time Warner Inc.] (as directed by TWC from time to time). Used under license.”
8. If and as applicable, TWC Vendor shall cooperate with TWC and TWX to effectuate registered user records and cancellations in those countries where such recordal is required or recommended, as directed, in writing, by TWC from time to time.
9. TWC Vendor shall comply with all applicable laws, rules, and regulations governing the operation of TWC Vendor’s business.
10. TWC Vendor shall not cause or allow any liens, encumbrances or the like to be placed on the TWC Marks.
11. TWC Vendor’s right to use the TWC Marks is non-transferrable and without right to sublicense (except as otherwise expressly provided in the Agreement) and shall automatically terminate upon the termination of the Agreement or upon any termination of the TWX License Agreement, whichever occurs first.
12. TWC Vendor shall not combine its Trademarks with the TWC Marks (i.e., such that it creates or gives the impression of a unified, composite mark) without the prior written consent of TWC.

FIRST AMENDMENT  
TO THE  
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT  
BETWEEN  
CSG SYSTEMS, INC.  
AND  
TIME WARNER CABLE ENTERPRISES LLC

This First Amendment (the "Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG"), and **Time Warner Cable Enterprises LLC** ("TWC"). CSG and TWC entered into a certain Amended and Restated Processing and Production Services Agreement effective April 30, 2014 (CSG document no. 2505411 (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 its terms.

**CSG and TWC agree as follows, as of the Effective Date:**

**1. TWC desires to use, and CSG agrees to provide, CSG Digital Mailbox ("Digital Mailbox Services") under the Agreement. Therefore, the Agreement is modified as follows:**

**a. Exhibit A, Description of Services, is modified by adding the following thereto:**

**15. DIGITAL MAILBOX SERVICES (See Exhibit A-7)**

CSG Digital Mailbox is a service offering by CSG or through \*\*\*\*\* (\*\*\*) ("Digital Mailbox Vendor") by which TWC's ACP Customers' statements will be delivered in a secure electronic environment to a third party platform so that TWC's ACP Customers who have registered for Digital Mailbox Services can receive their statements and any related documents in a single online location. "ACP Customers" are Customers of ACP Clients as identified in Exhibit K to the Agreement

TWC shall activate \*\*\*\*\*, an additional service provided by \*\*\*\*\* (\*\*\*) to TWC and TWC's ACP Customers. TWC acknowledges that \*\*\*\*\* is only available for the processing of ACH payments (and not debit or credit card payments).

In addition, Digital Mailbox Vendor shall provide Lockbox Services to CSG on behalf of TWC whereby Digital Mailbox Vendor (a) aggregates payment information for ACP Customers when such ACP Customers make payments using \*\*\*\*\* to TWC, and (b) sends such payment information electronically to CSG for posting to CSG's system for the benefit of TWC.

**b. Exhibit A-7, Digital Mailbox, is attached to and incorporated into the Agreement.**

**c. Exhibit C, Pricing Schedule and Pricing Adjustment, Section B, Production Expenses and Fees (ACP and non-ACP Clients), Subsection II, Ancillary Print Services, is modified by adding the following thereto:**

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DESCRIPTION OF ITEM	UNIT	FEE
<b>B. CSG Digital Mailbox Services</b>		
<b>1. Implementation Fees (Note 2)</b>	*/*	** *****
<b>2. Hosting Platform Fee (Note 3)</b>	*****	\$*****
<b>3. Fees for Blocks of Registered ACP Customers (“Connect Blocks”) (Note 4)</b>		
i. Initial Connect Block of *****	*****	\$*****
ii. Additional Connect Blocks of *****	*****	\$*****
<b>4. Customizations (Note 5)</b>	** *****	*****

**Note 2:** The parties agree to execute a Statement of Work for implementation of Digital Mailbox.

**Note 3:** TWC will be responsible for \*\*\*\*\*. The Digital Mailbox Service includes \*\*\*\*\* of \*\*\*\*\* Up to \*\*\*\*\* may be requested for a fee of \$\*\*\*\*\*. \*\*\*\*\* payments per Connect are available only if TWC sends statements or requests for payment no more frequently than \*\*\*\*\* If TWC sends statements or requests for payment more frequently than \*\*\*\*\* any additional payments made by TWC’s ACP Customers shall be billed at \$\*\*\*\*\*.

**Note 4:** \*\*\*\*\* will be implemented initially for \*\*\*\*\* (“\*\*\*\*\*”). At any time that Connects exceed the numbers included in the Connect Blocks already allocated to TWC, then the necessary Additional Connect Block(s) of \*\*\*\*\* will \*\*\*\*\* (s) will be \*\*\*\*\* For example, \*\*\*\*\* (\*) \*\*\*\*\* TWC may \*\*\*\*\* provided, however, \*\*\*\*\*

**Note 5:** Custom formatting and customizations to the standard Digital Mailbox banner will be at \*\*\*\*\* in a mutually acceptable Statement of Work.

2. Notwithstanding the provisions of Section 2, Term, of the Agreement, \*\*\*\*\*\_\*\*\*\*\* (\*) \*\*\*\*\*.
3. The parties agree that Digital Mailbox Services are not exclusive services of CSG (as exclusivity is described in Subsection (f) of Section 3, “Services and Products,” and Exhibit H, “Scope of Exclusivity,” of this Agreement) and is an optional Service to TWC and Clients. The parties further agree that Digital Mailbox Services falls within the term “Electronic Billing” under the Agreement but is not a “PDF Presentment Service.”
4. Notwithstanding the provisions of Section 6, Invoicing and Payments, CSG will invoice TWC for Digital Mailbox Services starting on the Effective Date of this Amendment.
5. Section 18, Termination, Subsection (d) modified by adding the following thereto:  
  
Notwithstanding the above, Digital Mailbox Services shall not be terminated for convenience until after the \*\*\*\*\* (CSG document no. 2507178).
6. The provisions of the Provider Terms of Service attached to Exhibit A-7 shall prevail over any inconsistent provisions in the Agreement. The following provisions of the Agreement shall not apply to Digital Mailbox Services:
  - a. Section 10, Privacy and Data Security Obligation;
  - b. Section 14, Indemnity With Respect to CSG Breach;
  - c. Section 16, Insurance; and

d. **Exhibit E, Insurance Requirements.**

7. **Section 19, Termination Assistance, is modified by adding the following thereto:**

Notwithstanding the above, CSG will not provide Termination Assistance in connection with Digital Mailbox Services

8. **Exhibit F, Business Continuity/Disaster Recovery Plan, is modified by adding Digital Mailbox Services to the category entitled “\*\*\*\* \* - \* \* \* \*  
\*\*\*\* (\*) \*\* \*\*\*\*\*\_\*\*\* (\*\*) \*\*\*\* \*\*\*\*\* \*\*\*\*\* \* \* \*\*\*\*\*.”**

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

**TIME WARNER CABLE ENTERPRISES  
LLC (“CUSTOMER”)**

**CSG SYSTEMS, INC. (“CSG”)**

By: /s/ Rob Roy

By: /s/ Joseph T Ruble

Name: Rob Roy

Name: Joseph T. Ruble

Title: SVP Ecomm

Title: EVP, CAO & General Counsel

Date: 10/1/14

Date: 16 Oct 2014

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EXHIBIT A-7

DIGITAL MAILBOX

1. CSG will retain \*\*\*\*\* as CSG's third party Digital Mailbox vendor ("Digital Mailbox Vendor") to provide TWC's ACP end users with the Digital Mailbox Service over an interface established and maintained between CSG and the Digital Mailbox Vendor ("Digital Mailbox Interface"). Implementation of Digital Mailbox Services will be described in a mutually agreed upon Statement of Work between CSG and TWC. At such time as any additional CSG digital mailbox vendors are retained by CSG and TWC elects to establish Digital Mailbox Service with such vendor(s), the parties shall enter into a subsequent amendment(s) to the Agreement for such services.
  2. As part of and a condition to the implementation of Digital Mailbox Services, TWC agrees to the Provider Terms of Service attached hereto as Exhibit A-7-1.
  3. The Digital Mailbox Service provides TWC's ACP Customers with the following services:
    - a. Ability of TWC's ACP Customers to view statements and other documents in a single online location.
    - b. Access to a secure electronic environment provided by the Digital Mailbox Vendor.
    - c. Unlimited number of documents delivered per TWC ACP Customer.
    - d. Unlimited Digital Mailbox Vendor Online Support.
    - e. Unlimited \*\*\*\*\* payments.
    - f. Up to \*\*\*\* (\*) \*\*\*\*\* \*\* Digital Mailbox Vendor \*\*\*\*\* \*\*\*\*\*.
  4. Additional functionality may be provided by the Digital Mailbox Vendor directly to TWC's ACP Customers and may be modified from time to time. CSG is not responsible for such modifications by the Digital Mailbox Vendor.
  5. By its execution of the Amendment, TWC acknowledges that TWC authorizes CSG to provide Digital Mailbox Vendor with registered ACP Customers' statements and other documents as directed by TWC, in accordance with the terms of the Agreement, as amended, and agrees that, following delivery to Digital Mailbox Vendor of such statements and documents, CSG is not responsible for Digital Mailbox Vendor's use of such ACP Customer statements and related documents under the terms of the Agreement or for Digital Mailbox Vendor's provision of \*\*\*\*\* to TWC and TWC's ACP Customers. Notwithstanding the foregoing, CSG shall discontinue sending such TWC's ACP Customer statements and related documents to Digital Mailbox Vendor upon TWC's written request (email is sufficient) and TWC acknowledges that CSG Digital Mailbox Services fees may be charged until such time as Digital Mailbox Services provided by any Digital Mailbox Vendor have been terminated.
  6. TWC hereby acknowledges that:
    - a. TWC must authorize Digital Mailbox Vendor(s) collect and remit TWC's ACP Customer payments in accordance with Digital Mailbox Vendor's \*\*\*\*\* Guide before CSG can provide Lockbox Services on behalf of ACP Customers.
    - b. TWC will not acquire any patent rights, copyright interest or other right, claim, or interest in the computer programs, forms, schedules, manuals or other proprietary items utilized or provided by CSG in connection with the Digital Mailbox Service.
    - c. TWC will take reasonable precautions to assure that its ACP Customer information which may be accessed through the Digital Mailbox Service will be held in strict confidence and disclosed only to those of its respective employees whose duties reasonably relate to the legitimate business purposes for which the information is requested or used.
    - d. CSG shall not be liable to TWC for any delay, interruption or failure by the Digital Mailbox Vendor to perform under any agreements between TWC and the Digital Mailbox Vendor as a result of the termination or expiration of any contract between CSG and the Digital Mailbox Vendor with respect to the Digital Mailbox Interface.
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EXHIBIT A-7-1

**Provider Terms of Service**

The terms and conditions of this Provider Terms of Service shall govern the provision of Digital Mailbox Services by CSG ("CSG" or "Reseller") or through \*\*\*\*\* ("Digital Mailbox Vendor"). In the event of a conflict between the provisions of this Provider Terms of Service and the Agreement between CSG and Customer, the terms of this Provider Terms of Service shall prevail.

**1. Digital Mailbox Service:**

**1.1 License, Proper Uses, Affiliates.** Digital Mailbox Vendor grants to you, and Reseller on your behalf, a limited, non-exclusive right during the Term to access and use the Digital Mailbox Service only in the manner permitted herein. Digital Mailbox Vendor grants you no rights other than those expressly set forth herein. Digital Mailbox Vendor may request, and you will provide, information to Digital Mailbox Vendor to allow Digital Mailbox Vendor to verify your identity. Once Digital Mailbox Vendor has verified you, which will be in its sole discretion, you and Reseller on your behalf may use the Digital Mailbox Service to manage and maintain the information and elements of your profile in the Digital Mailbox Service. You and Reseller on your behalf may also use the Digital Mailbox Service to send Your Data only to, and communicate only with, \*\*\*\*\* Users that establish a Connect with you and are your existing customers. At all times you must comply with the terms of this Provider Terms of Service. You may allow one or more of your Affiliates to access and use the Digital Mailbox Service in compliance with the terms of this Provider Terms of Service, as long as they utilize the same Digital Mailbox identification, profile and identity in the Digital Mailbox Service directory as you. You are fully responsible for the acts and omissions of any of your Affiliates.

**1.2. Authorized Persons, Account Security:** You or Reseller on your behalf may register an Authorized Person to administer your use of the Digital Mailbox Service and Digital Mailbox Vendor will provide the Authorized Person with a unique username and password. You or Reseller on your behalf may replace an individual Authorized Person with another Authorized Person at any time in accordance with the terms of this Provider Terms of Service. You or Reseller on your behalf will provide accurate and complete information about you and your Authorized Persons in the account management page of the Digital Mailbox Service, and in any registration, forms, or other communication you provide to Digital Mailbox Vendor, and will keep that information current at all times. You or Reseller on your behalf will maintain the security of your usernames, passwords, and other similar information. You or Reseller on your behalf will promptly notify Digital Mailbox Vendor if you discover or otherwise suspect any security breaches relating to your Authorized Person, including any unauthorized use or disclosure of a username or password. You understand that any person with your or your Authorized Person's usernames, passwords, or similar information may be able to access the Digital Mailbox Service, including Your Data and other confidential information.

**2. Use of the Digital Mailbox Service:**

**2.1 Our Responsibilities.** Digital Mailbox Vendor agrees that it is solely responsible for: (a) providing the Digital Mailbox Service in accordance with the terms of this Provider Terms of Service; (b) using commercially reasonable efforts to prevent unauthorized access to or use of the Digital Mailbox Service; and (c) complying with applicable laws and regulations when providing the Digital Mailbox Service to you. For the avoidance of doubt, and notwithstanding anything in this Provider Terms of Service to the contrary, this Provider Terms of Service is not binding on Digital Mailbox Vendor until Digital Mailbox Vendor verifies you and delivers Digital Mailbox Service credentials to you or Reseller on your behalf.

**2.2 Your Responsibilities.** You agree that you are solely responsible for: (a) preserving your corporate status as validly domiciled, organized, and in good standing under the laws of the United States, and providing to Digital Mailbox Vendor evidence of this on request; and (b) your Authorized Persons' and Affiliates' compliance with the terms of this Provider Terms of Service and all actions and omissions of your Authorized Persons and Affiliates hereunder. You and Reseller on your behalf are solely responsible for (i) the accuracy, quality, integrity, and legality of Your Data; (ii) preventing unauthorized use of your credentials, usernames, and passwords; (iii) using the Digital Mailbox Service in accordance with the terms hereof; (iv) complying with all applicable laws and regulations with respect to your use of the Digital Mailbox Service; and (v) keeping your profile (including company information, name, and logo) and other information you provide to Digital Mailbox Vendor complete, accurate, and current. Provider agrees that its compliance with applicable laws and regulations means, without limitation, that it, and not Digital Mailbox Vendor, is responsible for verifying and complying with all requirements applicable to electronic delivery of Your Data to your customers. This Provider Terms of Service includes and incorporates by reference the AUP and, if Provider elects to activate \*\*\*\*\*, the \*\*\*\*\* Guide, and you are responsible for complying with them. Capitalized terms used but not defined in this Provider Terms of Service will have the meanings defined in the AUP. Provider

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may activate \*\*\*\*\* by providing a form to Digital Mailbox Vendor, directly or through Reseller, which specifies Provider's remittance bank account routing information.

### 3. Sale Agreement, Fees, and Taxes:

#### 3.1 RESERVED

**3.2 Sale Agreement.** Upon execution of an agreement between you and Reseller for the provision of Digital Mailbox Services, then Digital Mailbox Vendor will make the Digital Mailbox Service available to you as specified in this Provider Terms of Service and such agreement. In the event of a conflict between this Provider Terms of Service and the terms of an agreement between you and Reseller, the terms of the Provider Terms of Service shall prevail.

**3.3 Fees.** You agree to pay fees to Reseller as provided in the agreement between you and Reseller for the provision of Digital Mailbox Services and \*\*\*\*\* . Digital Mailbox Vendor may terminate or otherwise suspend your access to and use of the Digital Mailbox Service and \*\*\*\*\* until your fees are paid in full. Terms or conditions accompanying any purchase orders will have no effect and will not be binding on Digital Mailbox Vendor unless separately agreed to in a writing signed by Digital Mailbox Vendor.

**3.4. Taxes .** Fees do not include any taxes, levies, duties, or similar governmental assessments of any nature, including but not limited to value-added, sales, use, or withholding taxes, assessable by any local, state, or federal jurisdiction (but, excluding taxes based on Reseller's or Digital Mailbox Vendor's income, property, or employees) (collectively, "Taxes"). You will be invoiced for such Taxes if there is a reasonable belief that there is a legal obligation to do so.

**4. Intellectual Property, Proprietary Rights, Marks, Suggestions:** Subject to the limited rights granted in this Provider Terms of Service, Digital Mailbox Vendor and Reseller, as applicable, reserve all right, title, and interest in and to the Digital Mailbox Service (including, without limitation, all trade secrets, patents, trademarks, copyrights, and other intellectual property rights). Subject to the terms of this Provider Terms of Service and for the purposes of telling customers that you are a Provider available to Connect on the Digital Mailbox Service, or directing them to Digital Mailbox Vendor's website, each party grants to the other party a limited, revocable, non-transferable, non-sublicensable, non-exclusive, royalty-free license to use those of its Marks that party makes available to the other party, and in accordance with the guidelines and specifications provided to the other party. You, Reseller and Digital Mailbox Vendor acknowledge that nothing contained in this Provider Terms of Service will give the other party any interest in another party's Marks. No party will take any action inconsistent with the other party's ownership of its Marks and any benefits accruing from use of a party's Marks will automatically vest in that party. You grant to Digital Mailbox Vendor a royalty-free, worldwide, transferable, sublicenseable, irrevocable, perpetual license to use or incorporate into the Digital Mailbox Service and otherwise fully exploit any suggestions, enhancement requests, recommendations, or other feedback you or your Authorized Persons provide to Digital Mailbox Vendor.

**5. Confidentiality:** "Confidential Information" means non-public information, know-how and trade secrets in any form that (a) is designated as "confidential" or (b) that a reasonable person knows or reasonably should understand to be confidential. Confidential Information does not include information that (i) is, or becomes, publicly available without a breach of any agreement between or among Digital Mailbox Vendor, Reseller or Provider; (ii) was lawfully known to the receiver of the information without an obligation to keep it confidential; (iii) is received from another source who can disclose it lawfully and without an obligation to keep it confidential; or (iv) is independently developed without reliance on the Confidential Information of Digital Mailbox Vendor, Reseller or Provider. During and after the Term of this Provider Terms of Service, Digital Mailbox Vendor, Reseller and Provider will not use or disclose Confidential Information of the other, except to its employees, contractors, advisors, or consultants who have a need for such access consistent with the purposes of this Provider Terms of Service and who are under an obligation to maintain its confidentiality no less stringent than the terms of this paragraph. Each party shall use at least the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind (but in no event less than reasonable care) in protecting the other's Confidential Information. Confidential Information may be disclosed if required to comply with a court order or other government demand that has the force of law, provided that before disclosure that party must seek the highest level of protection available and provide the other party with reasonable notice to seek a protective order.

**6. Rights in \*\*\*\* Data, Your Data, and \*\*\*\* User Information :** As between the parties, you own all Your Data, Reseller owns its data and Digital Mailbox Vendor owns all \*\*\*\* Data. Each party may use or disclose the other party's data only as explicitly stated by this Provider Terms of Service. You understand that Your Data that you deliver through the Digital Mailbox Service to a \*\*\*\* User is maintained by that \*\*\*\* User in that \*\*\*\* User's account and may not be modified or deleted by you during or after the Term of this Provider Terms of Service during which Digital Mailbox Services are provided. A \*\*\*\* User may share \*\*\*\* User Information with you, Reseller on your behalf

or Digital Mailbox Vendor. Each party's use and disclosure of \*\*\*\* User Information is governed by Digital Mailbox Vendor's privacy policy. Either party may use aggregate information that does not identify or allow identification of a \*\*\*\* User or the other party that it obtains in connection with the Digital Mailbox Service to improve its or others use of the Digital Mailbox Service.

**7. Restrictions.** Notwithstanding anything in this Provider Terms of Service to the contrary, when using the Digital Mailbox Service you and Reseller on your behalf may not: (a) allow access or use by anyone other than your Authorized Person; (b) send information on behalf of a third party; (c) store or transmit material that is infringing, libelous, otherwise unlawful or tortious, or that violates third party privacy rights; (d) provide identification, password, or other information of you or your Authorized Person to any service that, as determined by Digital Mailbox Vendor in its sole discretion, scrapes, crawls, data-mines, or otherwise uses such information; (e) interfere with or disrupt the integrity or performance of the Digital Mailbox Service or any third party data it contains; (f) attempt to gain unauthorized access; (g) store or transmit any malicious code (e.g. time bomb, automatic shut-down, virus, software lock, drop dead device, malicious logic, worm, Trojan horse, or trap or back door); (h) post or distribute any updates, advertisements, or other information, or send any information through the Digital Mailbox Service, that denigrates, or discourages use of the Digital Mailbox Service, or promotes or solicits the use of services that are an alternative to or compete with the Digital Mailbox Service (whether yours or a third party's); (i) reproduce, reverse engineer, distribute, publish, transmit, modify, adapt, translate, sell, resell, rent, lease, license, or otherwise commercially exploit the Digital Mailbox Service or any part thereof; (j) copy, frame, or mirror any part or content of the Digital Mailbox Service (other than as expressly allowed by Digital Mailbox Vendor); or (k) access it in order to build a competitive product or service or copy any features, functions, or graphics of the Digital Mailbox Service.

**8. Warranties and Disclaimer:** You represent and warrant that: (a) you have the legal power to enter into this Provider Terms of Service and to perform your obligations hereunder; (b) you are a business duly organized, validly existing, and in good standing under the laws of the United States; (c) you and all of your subcontractors, agents, and suppliers will comply with all applicable laws in your performance of your obligations and exercise of your rights hereunder; and (d) you will post a privacy policy with which you must comply and which must comply with applicable law. Digital Mailbox Vendor represents and warrants that (i) it has the legal power to perform its obligations as contemplated hereunder, and (ii) Digital Mailbox Vendor will perform the Digital Mailbox Services in a professional and workmanlike manner and in accordance with the material specifications herein. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

**9. Indemnification:**

**a. General Indemnity .** Digital Mailbox Vendor, Reseller or Provider (each, respectively, an "Indemnifying Party"), as appropriate, shall indemnify and hold harmless the other party, its officers, directors, employees, agents and representatives (each, respectively, an "Indemnified Party") from and against any and all third party damages, costs, judgments, penalties and expenses of any kind (including reasonable legal fees and disbursements) (a "Claim") that may be obtained against or suffered by an Indemnified Party as a result of the Indemnifying Party's fraudulent acts and wanton or willful misconduct.

**b. Provider indemnity.** Provider will indemnify and hold harmless Digital Mailbox Vendor and its Indemnified Parties from and against any and all third party Claims brought against Digital Mailbox Vendor or its Indemnified Parties as a result of Providers violation of its representations and warranties in Sections 8(a)-(d) above.

**c. Digital Mailbox Vendor Indemnity.** Digital Mailbox Vendor will indemnify and hold harmless Reseller and Provider and their Indemnified Parties from and against any and all third party Claims brought against Reseller and/or Provider or their Indemnified Parties as a result of Digital Mailbox Vendor's violation of its representations and warranties in Section 8(i)-(ii) above.

**d. Infringement Indemnity .** Digital Mailbox Vendor shall indemnify and hold harmless the Indemnified Parties from and against any third party claim that the Digital Mailbox Services infringe upon any United States patent, trademark copyright or other intellectual property right or misappropriate a third party's trade secrets; provided, however, that Digital Mailbox Vendor shall have no such indemnification obligation to the extent such infringement: (i) relates to the use of the Digital Mailbox Services in combination with other software or materials not provided by Digital Mailbox Vendor and the infringement would not have occurred but for the combination; (ii) arises from or relates to modifications to the Digital Mailbox Services not made or authorized by Digital Mailbox Vendor; or (iii) where the Indemnified Party continues the activity or use constituting or contributing to the infringement after notification thereof received from Digital Mailbox Vendor.

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may specify by written notice to the other party. Notices shall be deemed given upon the earlier of actual receipt or five (5) days after transmittal.

If to Digital Mailbox Vendor:

\*\*\*\*\*  
\*\*\*  
\*\*\*\*\*  
Attn: President

If to Reseller:

\*\*\*  
\*\*\*  
\*\*\*\*\*  
Attn: General Counsel with a copy to President

If to Provider:

Time Warner Cable Enterprises LLC  
\*\*  
\*\*\*  
Attn: Chief Technology Officer  
  
With a required copy to General Counsel

e. Digital Mailbox Vendor, Reseller and Provider are independent contractors. This Provider Terms of Service does not create a partnership, franchise, joint venture, agency, fiduciary, or employment relationship between the parties.

f. There are no third party beneficiaries to this Provider Terms of Service.

g. Digital Mailbox Vendor, Reseller or Provider may not assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other parties (not to be unreasonably withheld). Notwithstanding the foregoing, a party may assign this Provider Terms of Service in its entirety, without consent of the other parties, in connection with a merger, acquisition, corporate reorganization, or sale of all or substantially all of its assets. Subject to the foregoing, this Provider Terms of Service shall bind and inure to the benefit of the parties, their respective successors and permitted assigns..

h. Digital Mailbox Vendor may modify any of the terms and conditions contained in the AUP or \*\*\*\*\* Guide at any time and in its discretion by posting a change notice on its website. IF ANY MODIFICATION IS UNACCEPTABLE TO YOU, YOUR ONLY RECOURSE IS TO TERMINATE Digital Mailbox Services and THIS Provider Terms of Service. YOUR CONTINUED PARTICIPATION IN THE Digital Mailbox SERVICE FOLLOWING THE POSTING OF AN AUP OR \*\*\*\*\* GUIDE CHANGE NOTICE ON Digital Mailbox Vendor'S WEBSITE WILL CONSTITUTE BINDING ACCEPTANCE OF THE CHANGE.

i. Digital Mailbox Vendor reserves the right to discontinue offering all of the \*\*\*\* Provider Service to all of its customers at any time and Digital Mailbox Vendor will use commercially reasonable efforts to provide reasonable prior notice in that case.

j. You acknowledge and agree that Digital Mailbox Vendor may use subcontractors to provide the \*\*\*\* Provider Service and perform our obligations under this Agreement.

**13. Definitions:** In addition to capitalized terms defined elsewhere in this Agreement, capitalized terms used in this Agreement will have the following meanings:

"Affiliate" means any entity which directly or indirectly controls, is controlled by, or is under common control with you.

"Control," for purposes of this definition, means direct or indirect ownership or control of more than 50% of the voting interests of the subject entity.

"AUP" means the Digital Mailbox Vendor's Acceptable Use Policy as made available within the Digital Mailbox Service.

"Authorized Person" is an individual who has been authorized by you to access and use the Digital Mailbox Service on your behalf in accordance with the terms hereof.

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“Connect(s)” is the functionality that, with the approval of both a specific \*\*\*\* User and you, allows you to communicate and share Your Data with the \*\*\*\* User using the Digital Mailbox Service. This functionality will cease to be available in the event that the Connect is terminated.

“Digital Mailbox Service” means (a) the \*\*\*\* Enterprise Service or DES, which consists of the website, computer networks, servers, APIs, and other data and information Digital Mailbox Vendor provides or makes available to enable you to establish Connects with \*\*\*\* Users, and (b) Lockbox Services.

“Document” is an electronic document and/or other information which may be sent by you to a \*\*\*\* User via the Digital Mailbox Service in accordance with the terms of this Agreement.

“\*\*\*\* Data” means all electronic data or information provided by us via the Digital Mailbox Service.

“\*\*\*\* User” is Provider’s customer who has created an account on the Digital Mailbox Vendor’s network.

“\*\*\*\* User Information” means information, including personally identifiable information, that a \*\*\*\* User may share with you, Reseller or Digital Mailbox Vendor.

“\*\*\*\*\*” shall mean Digital Mailbox Vendor’s online bill payment system whereby Digital Mailbox Vendor will provide ACH (and not credit card or debit card) payment-related services to Providers and \*\*\*\* Users and which will be governed by the \*\*\*\*\* Guide available on Digital Mailbox Vendor’s website.

“Lockbox Services” means the Digital Mailbox Vendor services provided to CSG on behalf of Providers whereby Digital Mailbox Vendor aggregates payment information about payments Provider’s \*\*\*\* Users make using \*\*\*\*\* to Provider and sends such payment information electronically to CSG for posting to CSG’s system for the benefit of Provider.

“Marks” means the trademarks, service marks, logos, or similar items provided by one party to the other party for use pursuant to this Agreement.

“Your Data” means all electronic data or information (including without limitation, Documents) provided by you to \*\*\*\* Users via the Digital Mailbox Service.

**CSG Systems International, Inc.  
Subsidiaries of the Registrant  
As of December 31, 2014**

<u>Subsidiary</u>	<u>State or Country of Organization</u>
Ascade AB	Sweden
Ascade Holdings AB	Sweden
Ascade Middle East FZ-LLC	United Arab Emirates
Billing Intec Uruguay S.A.	Uruguay
Comtecnet Incorporated	New Jersey
CSG Cyber Solutions Inc.	Delaware
CSG Interactive Messaging, Inc.	Delaware
CSG International Australia Pty Limited	Australia
CSG International Colombia SAS	Columbia
CSG International DP, Inc.	California
CSG International Holdings, LLC	Delaware
CSG International (NZ) Limited	New Zealand
CSG International Pty Limited	Australia
CSG International PTE Ltd	Singapore
CSG International Sdn Bhd	Malaysia
CSG Media LLC	Delaware
CSG Services, Inc.	Delaware
CSG Systems International, Inc.	Delaware
CSG Systems U.K. Limited	United Kingdom
CSG Systems, Inc.	Delaware
Digiquant, Inc.	Delaware
Digiquant Malaysia Sdn. Bhd	Malaysia
Inception to Implementation (M) Sd. Bhd	Malaysia
Independent Technology Billing Solutions S de RL de CV	Mexico
Independent Technology Systems (India) Pvt. Ltd.	India
Independent Technology Systems Limited	United Kingdom
Independent Technology Systems Scandinavia AB	Sweden
Independent Technology Systems SL Unipersonal	Spain
Intec (Guernsey) 1 Limited	Guernsey
Intec (Guernsey) 2 Limited	Guernsey
Intec Billing (Holding) Canada Ltd	Canada
Intec Billing Canada Ltd.	Canada
Intec Billing Ireland	Ireland
Intec Billing Nigeria Limited	Nigeria
Intec Billing, Inc.	Delaware
Intec Telecom Systems (France) SARL	France
Intec Telecom Systems (Singapore) Pte Ltd.	Singapore
Intec Telecom Systems Denmark A/S	Denmark
Intec Telecom Systems Deutschland GmbH	Germany
Intec Telecom Systems do Brasil Limitada	Brazil
Intec Telecom Systems Italia SpA	Italy
Intec Telecom Systems Limited	United Kingdom
Intec Telecom Systems South Africa (Pty) Limited	South Africa
Intec USA, Inc.	Delaware
P.T. CSG International Indonesia	Indonesia
Telution, Inc.	Delaware
Volubill Danmark APS	Denmark
Volubill, Inc.	Delaware

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
CSG Systems International, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-8 (File Nos. 333-10315, 333-32951, 333-48451, 333-83715, 333-117928, 333-125584, 333-176579, 333-176580, and 333-196530) of CSG Systems International, Inc. of our reports dated February 27, 2015, with respect to the consolidated balance sheets of CSG Systems International, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and the effectiveness of internal control over financial reporting as of December 31, 2014, which reports appear in the December 31, 2014 annual report on Form 10-K of CSG Systems International, Inc.

**/s/KPMG LLP**

Omaha, Nebraska  
February 27, 2015

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

I, Peter E. Kalan, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 27, 2015

/s/ Peter E. Kalan  
Peter E. Kalan  
Chief Executive Officer and President



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

I, Randy R. Wiese, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 27, 2015

/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 Annual Report on Form 10-K (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Peter E. Kalan, the Chief Executive Officer and Randy R. Wiese, the Chief Financial Officer of CSG Systems International, Inc., each certifies that, to the best of his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CSG Systems International, Inc.

February 27, 2015

Peter E. Kalan  
Chief Executive Officer and President

February 27, 2015

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