

CSG SYSTEMS INTERNATIONAL INC
Form DEF 14A
April 02, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party Other Than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a-12
CSG SYSTEMS INTERNATIONAL, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

Edgar Filing: CSG SYSTEMS INTERNATIONAL INC - Form DEF 14A

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2019 Annual Meeting of Stockholders and Proxy Statement Meeting Date: May 16, 2019

CSG Systems International, Inc.

6175 S. Willow Drive, Greenwood Village, Colorado 80111

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS
OF CSG SYSTEMS INTERNATIONAL, INC.

Date: May 16, 2019

Time: 8:00 a.m. local time

Place: Sofitel Chicago Water Tower Hotel
20 East Chestnut Street
Chicago, Illinois 60611

Agenda:

1. To elect three Class I Directors nominated by our Board of Directors;
2. To approve, on an advisory basis, the compensation of our named executive officers;
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2019; and
4. To transact any other business that properly comes before the meeting or any adjournment or postponement of the meeting.

Record Date: The Board of Directors fixed the close of business on March 20, 2019, as the record date for determining the stockholders who are entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the meeting.

By Order of the Board of Directors of CSG Systems International, Inc.

Gregory L. Cannon

Secretary

April 2, 2019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE STOCKHOLDER MEETING TO BE HELD ON MAY 16, 2019: The proxy statement and
our Annual Report on Form 10-K are available at www.proxyvote.com.

The Securities and Exchange Commission (“SEC”) has adopted a “Notice and Access” rule that allows companies to deliver a Notice of Internet Availability of Proxy Materials (“Notice of Internet Availability”) to stockholders in lieu of a paper copy of the proxy statement, related materials, and our annual report to stockholders.

The Notice of Internet Availability provides instructions as to how stockholders can access the proxy materials online, contains a listing of matters to be considered at the meeting, and sets forth instructions as to how shares can be voted. Shares must be voted either by telephone, online, or by completing and returning a proxy card. Shares held in “street name” may be voted by providing voting instructions to the institution that holds your shares. Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes. Instructions for requesting a paper copy of the proxy materials are set forth on the Notice of Internet Availability.

All stockholders are welcome to attend the annual meeting. If you attend the meeting and are a stockholder of record, you may vote in person. If you wish to attend and vote at the meeting and your shares are held in “street name,” you will need to obtain a proxy from the institution that holds your shares and should advise such institution not to vote your shares. A proxy that you give will not be used if you attend the meeting in person and so request.

TABLE OF CONTENTS

	Page		Page
<u>Proxy Summary</u>	i	<u>Role of the Independent Compensation Consultant and Management</u>	25
<u>Questions and Answers About the 2019 Annual Meeting and Voting</u>	1	<u>Compensation Mix</u>	26
<u>Corporate Governance and Board of Directors</u>	4	<u>Role of Benchmarking in Determining Compensation and Peer Group</u>	27
<u>Overview</u>	4	<u>Role of Benchmarking in Determining Compensation</u>	27
<u>Directors</u>	4	<u>Peer Group Used for Benchmarking</u>	27
<u>Director Independence</u>	4	<u>2018 Compensation</u>	28
<u>Corporate Governance Practices and Documents</u>	4	<u>2018 Annual Base Salaries</u>	28
<u>Majority Voting</u>	4	<u>2018 Annual Performance Bonuses</u>	28
<u>Communications with the Board</u>	5	<u>Long-Term Incentive Awards</u>	30
<u>Director Attendance at Board Meetings</u>	5	<u>Other Considerations</u>	32
<u>Annual Meeting Attendance</u>	5	<u>Other Benefits and Employment Agreements</u>	32
<u>Board Committees</u>	5	<u>Tax Deductibility of Executive Compensation</u>	32
<u>Audit Committee</u>	6	<u>Report of the Compensation Committee</u>	33
<u>Compensation Committee</u>	6	<u>Executive Compensation Tables</u>	34
<u>Determining Executive Officer Compensation and Use</u>		<u>2018 Summary Compensation Table</u>	34
<u>of Independent Compensation Consultant</u>	6	<u>2018 Grants of Plan-Based Awards</u>	36
<u>Determining Non-Employee Director Equity Awards</u>	7	<u>Outstanding Equity Awards at December 31, 2018</u>	37
<u>Risks Related to Compensation Policies and Practices</u>		<u>2018 Stock Vested</u>	40
<u>for All Employees</u>	7	<u>2018 Non-Qualified Deferred Compensation</u>	41
<u>Compensation Committee Interlocks and Insider</u>		<u>Employment and Separation Agreements</u>	42
<u>Participation</u>	7	<u>Employment Agreements with Mr. Griess, Mr. Johns,</u>	
<u>Nominating and Corporate Governance Committee</u>	7	<u>Mr. Kennedy, Mr. Shepherd and Mr. Wiese</u>	42
<u>What We Look for in Director Nominees</u>	7	<u>Separation Agreement with Randy R. Wiese</u>	43
<u>Stockholder Recommended Director Candidates</u>	8	<u>Potential Payments Upon Termination of Employment</u>	44
<u>Annual Board Member Evaluation Process</u>	8	<u>Termination for Death, Disability, or Voluntary Resignation</u>	44
<u>Risk and Compliance Oversight</u>	9	<u>Termination for Cause</u>	44
<u>Board Leadership Structure</u>	11	<u>Termination Without Cause Prior to a Change of Control</u>	44
<u>Code of Ethics and Business Conduct</u>	11	<u>Termination Without Cause After a Change of Control</u>	45
<u>Other Board Information</u>	11	<u>CEO Pay Ratio</u>	46
<u>Compensation of Directors</u>	12	<u>Proposal 2 – Advisory Vote to Approve the</u>	
<u>2018 Director Compensation</u>	12	<u>Compensation of Our Named</u>	
<u>Proposal 1 – Election of Directors</u>	13	<u>Executive Officers</u>	47

Edgar Filing: CSG SYSTEMS INTERNATIONAL INC - Form DEF 14A

<u>Nominees for Class I Directors – Term to Expire in 2022</u>	14	<u>Proposal 3 – Ratification of the Appointment of</u>	48
<u>Class II Directors – Term to Expire in 2020</u>	15	<u> KPMG LLP As Our Independent Registered</u>	
<u>Class III Directors – Term to Expire in 2021</u>	17	<u> Public Accounting Firm for Fiscal 2019</u>	
<u>Beneficial Ownership of Common Stock</u>	19	<u>Pre-approval Policies and Procedures</u>	48
<u>Principal Stockholders</u>	19	<u>Report of the Audit Committee</u>	49
<u>Directors and Executive Officers</u>	20	<u>Related Party Transactions</u>	50
<u>Share Ownership Guidelines</u>	21	<u>Stockholder Proposals</u>	50
<u>Hedging and Pledging Policy</u>	21	<u>Householding</u>	50
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	21	<u>Annual Report on Form 10-K and Other</u>	
		<u> – SEC Filings</u>	51
<u>Executive Compensation – Compensation Discussion and Analysis</u>	22	<u>Other Matters</u>	51
<u>Executive Summary</u>	22		
<u>Company Overview and Business Strategy</u>	22		
<u>Our Overall 2018 Performance</u>	22		
<u>2018 Executive Compensation Highlights</u>	23		
<u>Pay-for-Performance Compensation Program</u>	23		
<u>2018 Say-on-Pay Results</u>	23		
<u>Governance and Compensation Practices</u>	24		
<u>Key Compensation Governance Factors</u>	24		
<u>Determining Executive Compensation</u>	25		

Proxy Summary

[REDACTED]

This summary highlights information contained in this Proxy Statement. It is intended to assist you in your review of the proposals to be acted upon, and to provide key information about CSG Systems International, Inc. For more complete information on any specific topic, please refer to the Table of Contents on the previous page.

Meeting: 2019 Annual Meeting of Stockholders
Date: May 16, 2019
Time: 8:00 a.m. local time
Place: Sofitel Chicago Water Tower Hotel

20 East Chestnut Street

Chicago, Illinois 60611

Record Date: March 20, 2019

These proxy materials are being made available to stockholders starting on or about April 2, 2019.

[REDACTED]

Proposal	Board Recommendation	Page
1. To elect three Class I Directors nominated by our Board of Directors	For Each Nominee	13
2. To approve, on an advisory basis, the compensation of our named executive officers	For	47

3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2019 For 48

Director				Committee	
Name	Age	Since	Occupation	Independent	Membership
Ronald H. Cooper	62	2006	Retired, former President and CEO of Clear Channel Outdoor Americas, Inc.	Yes	Audit Compensation (Chair)
Janice I. Obuchowski	67	1997	President of Freedom Technologies, Inc., and director of Inmarsat plc	Yes	Audit Nominating and Corporate Governance (Chair)
Donald B. Reed	74	2005	Retired, former CEO of Cable & Wireless Global	Yes	Audit Chair of the Board



Key highlights of our 2018 performance include the following:

Grew our revenue by 11% to a record high of \$875 million, as a result of continued growth in our existing businesses and additional revenue from acquisitions;

Generated \$143 million in cash flows from operations, driven by our solid revenue and profitable business model;

Diversified our revenue mix, ending the year with approximately 40% of our revenue outside of the cable and satellite industries, thus expanding our addressable markets and growth opportunities;

Extended our long-term client relationships and grew our managed services revenue, delivering solid recurring revenues with 90%+ visibility over next 12 months; and

Established new client relationships to support digital transformations, wireless initiatives, and Internet of Things (“IoT”) deployments.

Additionally, we believe that we further maximized long-term shareholder value through our holistic capital allocation strategy of investing in the business while also returning capital to shareholders, including the following:

Drove innovation and technology leadership with over \$120 million in research and development investments in our digital monetization, customer experience, and cloud-based solutions;

Executed an acquisition strategy that expanded our footprint in the fast-growing payment industry and optimized operational scale and profitability in our customer communications solutions; and

Increased dividend by 6% and initiated a share repurchase program of up to \$150 million over a three-year period.



Our corporate governance practices are reviewed regularly. We believe they reflect best practices, as highlighted below:

Majority voting for uncontested director elections with plurality voting for contested director elections;

Independent Chair of the Board;

All directors independent (other than our Chief Executive Officer (“CEO”));

Regular executive sessions of independent directors;

Independent Audit, Compensation, and Nominating and Corporate Governance Committees;

Independent compensation consultant;

Structured annual Board member evaluation process conducted by an independent third-party governance expert;

Board engagement in long-term succession planning and talent management discussions;

Meaningful director and executive stock ownership guidelines;

Anti-hedging, anti-short sale, and anti-pledging policies;

Annual independent director evaluation of the CEO;

Code of Ethics and Business Conduct for directors, officers, and employees;
Regular stockholder engagement to understand stockholders' views and insights;
Annual advisory approval of executive compensation;
Limitations on consideration given to our named executive officers (to include no excise tax gross-ups) upon the occurrence of a change of control;
Limited perquisites; and
No evergreen provisions for equity plans.



Our compensation program is designed to attract and retain highly qualified executives and create incentive compensation opportunities aligned with our strategic goals and evolving competitive and governance practices.

Highlights for 2018 include:

Over 97% of the votes cast on our 2018 say-on-pay proposal were in favor of our executive compensation program and policies;

Sixty percent of our CEO's and on average 54% of our other executives' total target compensation was based on the achievement of key financial and operational measures; and

We executed on many of our key strategic initiatives during 2018 and met several of our financial targets. As a result, our named executive officers earned an annual performance bonus payout and 100% of their potential performance-based stock vesting under our executive compensation program.

QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING

Why am I receiving these materials?

CSG Systems International, Inc. (“we,” “us,” “our,” or the “Company”) will hold its 2019 Annual Meeting of Stockholders on May 16, 2019 (the “Annual Meeting”). These proxy materials explain the items of business that will be brought to a vote at the Annual Meeting.

As a stockholder, you are invited to attend and vote at our Annual Meeting, or at any adjournment or postponement thereof. To ensure your vote is counted, our Board of Directors (the “Board”) is soliciting your proxy to vote on your behalf.

What information is contained in this proxy statement?

This proxy statement explains the proposals to be voted on at the Annual Meeting, describes the voting process, and provides information about corporate governance,

our Board, and the compensation of our directors and certain executive officers.

How do I get electronic access to the proxy materials?

You may view our proxy materials at www.proxyvote.com.

What items of business will be voted on at the Annual Meeting?

Three proposals are scheduled to be voted on at the Annual Meeting:

Proposal	Board Recommendation
Proposal 1—To elect three Class I Directors nominated by our Board	FOR each nominee
Proposal 2—To approve, on an advisory basis, the compensation of our named executive officers	FOR
Proposal 3—To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2019	FOR

Each of these proposals is discussed in this proxy statement. We also will transact any other business that properly comes before the Annual Meeting.

What shares can I vote?

You are entitled to one vote for each share of our common stock that you own as of the close of business on March 20, 2019 (the “record date”). You also can vote all shares for which you hold a valid proxy.

At the close of business on the record date, there were 33,405,284 shares of our common stock outstanding and entitled to vote at the Annual Meeting.

May I attend the Annual Meeting?

You may attend the Annual Meeting only if you were a stockholder of the Company as of the record date or you hold a valid proxy for the Annual Meeting.

You can vote your shares even if you do not attend the Annual Meeting, and we encourage you to do so.

2019 Proxy Statement | 1

May I vote my shares in person at the Annual Meeting?

If you are a stockholder of record—meaning you hold our common stock in your name with our transfer agent (Computershare Trust Company, N.A.)—you may vote those shares in person at the Annual Meeting. If you are a beneficial owner—meaning that a broker, bank, trustee, or other nominee holds your common stock in “street name”—you can vote at the Annual Meeting only if you obtain a legal proxy from the record holder giving you the right to vote the shares.

Even if you plan to attend the Annual Meeting, we recommend that you submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

May I vote my shares without attending the Annual Meeting?

You may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you will receive a “Notice of Internet Availability,” which explains how to access the proxy materials online, contains a listing of matters to be considered at the Annual Meeting, and describes how shares can be voted

by telephone, online, or by completing and returning a proxy card. If you hold shares beneficially in “street name”, your broker, bank, trustee, or other nominee has the right to vote the shares, but should provide you a means to give voting instructions.

May I change or revoke my vote?

You may change or revoke your vote at any time before we take the vote at the Annual Meeting.

If you are a stockholder of record, there are three ways to change or revoke your vote before the conclusion of the Annual Meeting: (1) deliver a new proxy bearing a later date (which automatically revokes your earlier proxy) by mail, telephone, or over the Internet; (2) provide a written notice of revocation to our Secretary at our principal offices listed on the first page of this proxy statement; or (3) attend the Annual Meeting, specifically revoke your

proxy, and vote in person. If you attend the Annual Meeting but do not specifically revoke your previously granted proxy, your proxy will remain in effect.

If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker, bank, trustee, or other nominee. Alternatively, if you have obtained a legal proxy from your broker, bank, trustee, or other nominee giving you the right to vote your shares, you can attend the Annual Meeting and vote in person.

How many shares must be present or represented to conduct business at the Annual Meeting?

We can transact business at the Annual Meeting if a majority of the issued and outstanding shares of common stock entitled to vote are present in person or represented by proxy at the Annual Meeting. Abstentions are counted for the purpose of determining whether there is a quorum.

“Broker non-votes” are counted for the purpose of determining whether there is a quorum as long as the bank, broker, or nominee uses its “discretionary authority”

to vote on Proposal 3, Auditor Ratification. A broker non-vote occurs when a broker, bank, trustee, or other nominee returns a proxy card, but does not vote on one or more matters because such broker, bank, trustee, or other nominee does not have the authority to do so without instructions from the beneficial owner. Broker non-votes and discretionary authority are further described below.

What is the voting requirement to approve each of the proposals?

For Proposal 1, Election of Directors, each nominee who receives a majority of the votes cast will be elected as director. A majority of votes cast means that the number of votes cast FOR a director's election exceeds the number of votes cast AGAINST that director's election. Cumulative voting is not permitted. Each of Proposals 2 and 3 will be approved if the proposal receives the affirmative FOR vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

Abstentions and broker non-votes are not considered votes cast on Proposal 1, Election of Directors, and will not affect the outcome of the election of directors. With respect to Proposals 2 and 3, abstentions and broker non-

votes will have the same effect as AGAINST votes. With respect to the election of directors, in the event a director does not receive a majority of the votes cast, that director will be required to submit his or her resignation to the Board, with a presumption that the resignation will be accepted unless the Board determines that there is a compelling reason for the director to remain on the Board.

Although the advisory vote to approve the compensation of our named executive officers ("NEOs") for 2018 is non-binding, as provided by law, our Board and the Compensation Committee will review the results of the votes and will consider the results in making future decisions on executive compensation.

How are votes counted?

Votes cast in person or by proxy will be tabulated by the inspector of elections appointed for the Annual Meeting. If you provide specific instructions on your proxy card, your shares will be voted as you instruct. If you do not give instructions, your shares will be voted as recommended by the Board as follows:

FOR the election of each of the three Class I Directors nominated by our Board and named in this proxy statement;
FOR the approval, on an advisory basis, of the compensation of our named executive officers; and
FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2019.

What happens if additional matters are presented at the Annual Meeting?

We are not aware of any business to be acted upon at the Annual Meeting other than the three proposals described in this proxy statement. If you grant a proxy, the individuals named as proxy holders, Bret C. Griess and Gregory L. Cannon, and each or either of them, will have the discretion to vote your shares on any additional

matters properly presented for a vote at the Annual Meeting. If for any reason a nominee is not available as a candidate for director, the proxy holders will vote your proxy for such other candidate or candidates as the Board may nominate.

Who will bear the cost of soliciting votes for the Annual Meeting?

We will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials, and soliciting votes. If you choose to access the proxy materials or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. Our directors, executives, and regular employees,

without additional remuneration, and their appointed agents, may solicit proxies or votes in person, by telephone, or by electronic communication. We will request banks, brokers, and other fiduciaries to forward proxy materials to the owners of stock held in their names and will reimburse their reasonable out-of-pocket expenses incurred in connection with that distribution.

Where can I find the voting results of the Annual Meeting?

We will announce voting results of the Annual Meeting in a Current Report on Form 8-K filed with the SEC no later than four business days after the Annual Meeting.

2019 Proxy Statement | 3

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

Overview

We are committed to maintaining sound corporate governance practices. The Board has formalized several policies, procedures, and standards of corporate governance, including our Corporate Governance Guidelines, some of which are described below. We continue to monitor best practices and legal and regulatory developments with a view to further revising our governance policies and procedures, as appropriate.

Directors

The Board currently consists of ten directors: David G. Barnes, Ronald H. Cooper, Marwan H. Fawaz, Bret C. Griess, Dr. Rajan Naik, Janice I. Obuchowski, Donald B.

Reed, Frank V. Sica, Donald V. Smith, and James A. Unruh. See Proposal 1, Election of Directors, for more information regarding our directors.

Director Independence

The Board has determined that each Board member except Mr. Griess, our President and CEO, is an “independent director” as defined in the applicable rules of The Nasdaq Stock Market, Inc. (“Nasdaq”). We believe that having a Board made up predominantly of

independent, experienced directors with independent oversight by a non-executive Chair (as further described below) is in the best interests of our Company and our stockholders.

Corporate Governance Practices and Documents

The Board encourages you to visit our corporate governance page on our website at <http://ir.csgi.com/documents.cfm>, which provides information about our corporate governance practices and includes the following documents:

- Committee charters;
- Code of Ethics and Business Conduct;
- Corporate Governance Guidelines; and
- Share Ownership Guidelines.

Information on our website is not incorporated by reference in this proxy statement.

Majority Voting

We use a majority voting standard in the election of directors. Thus, in any “uncontested election” of directors (i.e., an election where the number of nominees does not exceed the number of directors to be elected), each nominee to the Board will be elected by the vote of a “majority of the votes cast,” meaning that the number of votes cast FOR a director’s election must exceed the number of votes cast AGAINST that director’s election. The election of directors at the Annual Meeting is an uncontested election. Abstentions and broker non-votes will not count as votes cast for purposes of this provision.

If any incumbent director does not receive a majority of votes cast in favor of his or her re-election to the Board, that director will be required to submit his or her resignation to the full Board, with a presumption that the resignation will be accepted unless the Board determines that there is a compelling reason for the director to remain on the Board. In the case of a contested election, directors will be elected by a plurality vote, meaning that the nominees who receive the greatest number of votes cast FOR their election will be elected.

4 | 2019 Proxy Statement

Communications with the Board

We invite stockholders or any other interested party to send written communications to the Board or to individual Board members. Please send your letter in care of the Secretary of the Company at the address of our principal offices as shown on the first page of this proxy statement. If a letter relates to publicly available information about the Company or our stock, the Secretary will respond to the writer directly. If a letter is primarily commercial in nature or, at the

discretion of the Secretary, relates to an improper or irrelevant topic, the Secretary will make a record of it, but will not transmit the communication to the Board. Any letter that relates to accounting, internal accounting controls, or auditing matters will be forwarded to the Chair of the Audit Committee. All other letters will be forwarded to the entire Board or to the individual Board member(s) to whom they are addressed.

Director Attendance at Board Meetings

During 2018, the Board held eight meetings. All directors attended at least 75% of the total number of meetings of the Board and of the committees on which they served during 2018. In addition, during 2018 the Board held seven executive sessions during which only independent directors were present.

Annual Meeting Attendance

Historically, very few stockholders have attended our annual meetings; almost all stockholders who vote do so by proxy. Accordingly, directors are not required to attend our annual meetings. We expect employee director(s) to attend if their schedules permit, and non-employee directors are welcome to attend if they wish. All of our

directors attended our 2018 Annual Meeting, except for Mr. Sica. The Board scheduled our 2018 Annual Meeting to coincide with a regular quarterly meeting of the Board so that all members present at the quarterly meeting of the Board could attend the Annual Meeting as well.

Board Committees

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
David G. Barnes			
Ronald H. Cooper			
Marwan H. Fawaz			
Bret C. Griess			
Dr. Rajan Naik			
Janice I. Obuchowski			
Donald B. Reed			
Frank V. Sica			
Donald V. Smith			
James A. Unruh			

Chair Member Financial Expert

2019 Proxy Statement | 5

Audit Committee

The Audit Committee's primary purposes are to oversee our accounting and financial reporting processes, the audits of our financial statements, and our risk and compliance management programs.

As required by the Audit Committee charter (located at <http://ir.csgi.com/documents.cfm>), all members of the Audit Committee satisfy all Nasdaq and SEC requirements applicable to audit committee members and are "independent" as defined by the rules promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and by Nasdaq. The Board has determined that Mr. Barnes, Mr. Cooper, and Mr. Reed are "audit committee financial experts" as defined by applicable SEC rules. The Audit Committee held five meetings during 2018.

Compensation Committee

The Compensation Committee's primary purposes are to review and recommend senior management compensation and benefit policies, evaluate the performance of our executive officers, and review and recommend the compensation of our executive officers. In addition, the Compensation Committee has independent authority to administer and grant equity awards under our equity plans and annual performance bonuses for executive officers. The Compensation Committee also is responsible for ongoing oversight and evaluation of our compensation policies and practices for employees generally as they relate to risk management. The Compensation Committee may delegate any of its responsibilities to a subcommittee or the Chair of the Compensation Committee. The Compensation Committee may also delegate to one or more of our officers the authority to grant awards to non-executive officers and employees of our Company under our equity compensation plans.

As required by the Compensation Committee charter (located at <http://ir.csgi.com/documents.cfm>), all members of the Compensation Committee are "independent" as defined by the rules promulgated by the SEC under the Exchange Act, and by Nasdaq, applicable to compensation committee members. The Compensation Committee held five meetings during 2018.

Determining Executive Officer Compensation and Use of Independent Compensation Consultant. To assist the Compensation Committee with its responsibilities, the Compensation Committee retains an independent compensation consultant, consults with our CEO and our head of Human Resources, and draws upon the extensive business experience of its members. The Compensation Committee directs the independent compensation consultant to prepare a comprehensive formal assessment of the competitiveness of our executive officer compensation program, including a comparison of the principal components of our program (base salaries, performance bonuses, and equity awards) with those of a peer group of other public companies. The Compensation Committee considers this assessment and other data provided by the independent compensation consultant in arriving at its decisions or recommendations to the Board with respect to base salaries, performance bonuses, and long-term incentives for our executive officers. For additional information about our executive compensation program, processes, and procedures, see Compensation Discussion and Analysis.

The Compensation Committee periodically evaluates the qualifications of its independent compensation consultant. For 2018, the Compensation Committee continued the engagement of Pearl Meyer & Partners, LLC ("Pearl Meyer") as its independent compensation consultant. During 2018, Pearl Meyer provided only executive compensation guidance to the Compensation Committee and did not provide any other services to the Company. During 2018, the Compensation Committee requested information from Pearl Meyer, our executives, and our Board members in order to assess the independence of Pearl Meyer as the Committee's compensation consultant and to determine whether Pearl Meyer's work raised any conflict of interest. Based on the information provided, the Compensation Committee determined that Pearl Meyer was independent and that the work of Pearl Meyer did not raise a conflict of interest. In mid-2018, the Compensation Committee retained Exequity as its independent compensation consultant. Exequity did

not consult on any matters relating to 2018 compensation, but is providing analysis and recommendations with respect to future executive compensation.

6 | 2019 Proxy Statement

Determining Non-Employee Director Equity Awards. In making equity awards to our non-employee directors, the Compensation Committee considers relevant information provided by the independent compensation consultant and the recommendations of our Nominating and Corporate Governance Committee and the Board.

Risks Related to Compensation Policies and Practices for All Employees. The Compensation Committee does not believe that risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on the Company. A number of the factors considered by the Compensation Committee when it develops executive compensation recommendations have the effect of mitigating risk. Additionally, executive officers and certain members of senior management regularly review our employee compensation policies and practices, including the elements of our compensation programs, to determine whether any element or program design encourages excessive risk taking. The Board and senior management consider the following factors that reduce the likelihood of excessive risk taking:

Our “clawback” policy included in our executive employment agreements authorizes us, in certain cases, to reduce or cancel, or require recovery of, all or a portion of an executive officer’s annual bonus or long-term incentive compensation award;

Our compensation program consists of a balance of multiple elements, including base salary, annual cash incentive programs, and, for some employees, long-term equity incentive awards that are earned over a number of years; The structure of our annual cash incentives for executive officers includes multiple performance measures that are objective and quantifiable, with a corresponding minimum and maximum payout range, and our sales compensation plan includes provisions to mitigate risk to the Company;

A significant portion of our executive officers’ pay is tied to long-term equity awards based on the achievement of predetermined financial and stock performance measures that we believe align the long-term interests of our executives with those of our stockholders;

Our executive officers are subject to stock ownership guidelines and must comply with our insider trading policy; We have effective management processes, including a formal risk assessment process and strong internal controls; and

Our Board and Audit Committee maintain regular oversight of our risk management program.

Compensation Committee Interlocks and Insider Participation. No member of the Compensation Committee has ever been an officer or employee of the Company. In 2018, no member of the Compensation Committee had any relationship or transaction with the Company that would require disclosure as a “related person transaction” under SEC rules. In addition, during 2018, none of our executive officers served on the board of directors or compensation committee of any other entity whose executive officer(s) served as a member of our Board or Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee’s primary purposes are to: (1) identify individuals qualified to become Board members; (2) recommend to the Board nominees for election as directors and directors for appointment to Board committees; (3) evaluate the Board’s performance, in conjunction with the new formal and structured annual Board evaluation process conducted by an independent third-party governance expert; (4) review and recommend the compensation of our directors; and (5) develop and recommend for Board approval our Corporate Governance Guidelines and Code of Ethics and Business Conduct.

The Nominating and Corporate Governance Committee charter (located at <http://ir.csgi.com/documents.cfm>) requires that a majority of the members be “independent” directors. All members of the Nominating and Corporate Governance Committee are “independent” as defined by Nasdaq rules. The Nominating and Corporate Governance Committee held

five meetings during 2018.

What We Look for in Director Nominees. In recommending nominees for election as directors, the Nominating and Corporate Governance Committee reviews the present composition of the Board to determine the qualities, skills, and areas of expertise needed to enable the Board and its committees to properly discharge their responsibilities. When there is a need, the Nominating and Corporate Governance Committee utilizes the services of executive search firms with well-established board practices to assist in the identification and recruitment of qualified director nominees. This process supports our objective of recruiting highly qualified candidates that meet our specific criteria for skills, professional and governance experience, diversity, and the personal attributes we are seeking, as discussed in more detail below. When identifying and assessing a candidate's

qualifications, the Nominating and Corporate Governance Committee considers, among other things: (1) the candidate's age, background, reputation, independence, experience, skills, and judgment; (2) the candidate's ability and willingness to devote the required amount of time to service as a Board member and as a member of one or more Board committees; (3) the candidate's other business and professional commitments and potential conflicts of interest; and (4) the number and type of other boards on which the candidate serves.

Although we do not have a written policy on diversity, our Nominating and Corporate Governance Committee considers the diversity of the Board's membership when nominating directors. We interpret the term "diversity" in its broadest sense and believe it encompasses many attributes, including age, background, experience, skills, substantive expertise, gender, ethnicity, geography, and education. Our Board is particularly interested in maintaining a group of individuals with experience in operations, finance, accounting, marketing, human resources, sales, and domestic and international business, particularly in the technology and communication service provider and related industries. We also consider whether nominees are active or retired executive officers of public or private companies and whether they have ever served on the board of a public company.

Our Board members also should display the personal attributes necessary to be effective directors: integrity, sound judgment, independence, ability to operate

collaboratively, and a fiduciary commitment to the Company and our stockholders. We believe the current members of our Board have a diverse set of business and personal experiences, backgrounds, and expertise, and that they all share the personal attributes described above.

Stockholder Recommended Director Candidates. The Nominating and Corporate Governance Committee will consider qualified nominees recommended by our stockholders for election as directors in the same manner that the committee considers other director candidates. A stockholder who wishes to recommend a nominee for the Board should submit the recommendation in writing to the Secretary of the Company indicating the proposed nominee's qualifications and other relevant biographical information and providing written confirmation that the proposed nominee consents to serve as a director if nominated and elected. See Stockholder Proposals for additional requirements and information. Our Secretary will forward qualifying recommendations from stockholders to the Chair of the Nominating and Corporate Governance Committee for further review and consideration. Our bylaws provide that stockholder nominations for election to the Board are subject to certain advance notice and informational requirements. Stockholders may obtain a copy of the relevant bylaw provisions from our Secretary at CSG Systems International, Inc., 6175 S. Willow Drive, Greenwood Village, Colorado, 80111.

Annual Board Member Evaluation Process

The Board is committed to a rigorous annual self-evaluation process. The Chair of the Nominating and Corporate Governance Committee coordinates an annual evaluation process, conducted by an independent, third-party consultant. For 2018, the consultant performed the following evaluations: (1) the consultant surveyed the full Board and select management team members, to evaluate the Board's and the Board committees' performance and procedures to determine whether they were functioning effectively; (2) the consultant performed a culture assessment to evaluate the perceptions of the current and preferred Board culture; and (3) the consultant performed

an evaluation of the performance and contributions of Board members with terms that were expiring, for use by the Nominating and Corporate Governance Committee in making director nomination recommendations. The results of the annual evaluation were reviewed by the Nominating and Corporate Governance Committee and provided to the full Board for their consideration. Regular annual Board evaluations will continue to include a Board survey process, with additional emphasis on the Board's nominees for election at the then upcoming Annual Meeting.

Risk and Compliance Oversight

The Board is responsible for oversight of our risks, including establishment of our risk tolerance and overseeing our risk management framework. The Board recognizes the importance of effective risk oversight to the success of our strategy and to the fulfillment of its fiduciary duties to the Company and our stockholders. The Board believes taking well-considered risks is a critical component of innovation and effective leadership. The Board also recognizes that imprudently accepting risk or failing to appropriately identify and mitigate risks could negatively impact our business and stockholder value. The Board therefore seeks to foster a risk-aware culture while encouraging thoughtful risk taking in pursuit of the Company's strategic initiatives.

The Board exercises its risk oversight primarily through the Audit Committee, management and an Executive Business Risk Committee. To administer our overall risk and compliance management program, we established an Executive Business Risk Committee comprised of our executive officers, chaired by our Chief Financial Officer ("CFO"), and coordinated by our Internal Audit department. The Internal Audit department regularly reports directly to the Audit Committee, and prepares a quarterly report for the Audit Committee summarizing material existing and emerging business risks, along with a summary of existing or proposed risk mitigation efforts.

We also maintain a formal risk assessment and risk mitigation program that is administered by our CFO. Our executive officers, in conjunction with members of our Internal Audit department, review this program periodically throughout the year. This program is intended to: (1) identify those risks that are most likely to affect our business; (2) assign an executive to be responsible for monitoring and mitigating those risks; and (3) provide a formal mechanism for the assigned executive to report back periodically on the adequacy and effect of mitigation efforts. The Audit Committee and the Board review the results of this program at each regularly scheduled meeting. In addition, our Chief Compliance Officer has a reporting relationship to the Audit Committee and provides a quarterly report to the Committee on compliance risks, issues, and activities. Our Compensation Committee and Nominating and Corporate Governance Committee also monitor risks in their respective areas of responsibility, and keep the Board informed of any specific risks through regular reports to the Board.

The Board believes our current leadership structure facilitates its oversight of risk by combining independent leadership through the Board and the Audit Committee, along with an experienced Executive Business Risk Committee with intimate knowledge of our business, industry, and challenges.

The following chart outlines our risk management structure and responsibilities:

10 | 2019 Proxy Statement

Board Leadership Structure

The Board does not have a policy regarding separation of the roles of CEO and Chair of the Board. The Board believes it is in the best interests of the Company to make that determination based on current circumstances. The Board has determined that an independent director serving as Chair is in our best interests at this time. Since 2010, Mr. Reed has served as Chair of the Board. Our Board believes this structure ensures a greater role for independent directors in the active oversight of our business, including risk management oversight, and in

setting agendas and establishing Board priorities and procedures. This structure also allows our CEO to focus to a greater extent on the management of our day-to-day operations.

In the future, if the Board believes it would be in the best interests of the Company and our stockholders, the Board may decide that one person should serve as both CEO and Chair of the Board.

Code of Ethics and Business Conduct

Our Board has adopted a Code of Ethics and Business Conduct applicable to all directors, officers, and employees of the Company. Our Code of Ethics and Business Conduct and Corporate Governance Guidelines are available on our website on the Investor Relations page, under Governance Documents (located at <http://ir.csgi.com/documents.cfm>). Information on our

website is not incorporated by reference in this proxy statement. We will disclose on our website any amendments to our Code of Ethics and Business Conduct, or any waiver of a provision of our Code of Ethics and Business Conduct that is required to be disclosed under applicable rules of the SEC.

Other Board Information

There are no family relationships between any of our directors or executive officers. There are no arrangements between any director, nominee, or executive officer of the Company and any other person pursuant to which such director, nominee, or executive officer was selected for

such position. There are also no material legal proceedings pending to which any of our directors, officers, affiliates of the Company, or shareholders of more than 5% of our stock (or any associates of any of the foregoing) is a party adverse to the Company.

COMPENSATION OF DIRECTORS

After consultation with the Compensation Committee's independent compensation consultant, including an analysis of peer and market practices, the Board sets the director compensation program to be in line with similar companies in our industry. There were no changes in our director compensation program from the previous year. Our director compensation program consists of the following:

Role	Committee	Equity Grant Shares (1)	Annual Cash Retainer Amount (2)
Board Member (3)		3,000	\$ 75,000
Chair of the Board			\$ 50,000
Chair of Committee (4)	Audit		\$ 16,000
	Compensation		\$ 16,000
	Nominating and Corporate Governance		\$ 10,000

- (1) Each non-employee director receives an annual equity grant in the form of restricted stock awards as determined by the Compensation Committee, which vests one year from the grant date.
- (2) Cash retainers are paid in advance in quarterly installments, subject to such non-employee director's continued service on the Board.
- (3) A director who is an officer or employee of the Company does not receive additional compensation for serving as a director or committee member. Mr. Griess is the only current officer or employee of the Company who serves as a director, and he does not currently serve on any Board committee.
- (4) Non-chair members of a committee do not receive an additional fee.

The following table contains information about the compensation of our non-employee directors for 2018. All amounts have been rounded to the nearest dollar and pro-rated for actual time of service on the Board or committees.

Name	Stock		
	Fees Earned	Awards (1)	Total
David G. Barnes	\$91,000	\$114,000	\$205,000
Ronald H. Cooper	\$91,000	\$114,000	\$205,000
Marwan H. Fawaz	\$75,000	\$114,000	\$189,000
Dr. Rajan Naik (2)	\$37,500	\$114,000	\$151,500
Janice I. Obuchowski	\$85,000	\$114,000	\$199,000
Donald B. Reed	\$125,000	\$114,000	\$239,000
Frank V. Sica	\$75,000	\$114,000	\$189,000
Donald V. Smith	\$75,000	\$114,000	\$189,000
James A. Unruh	\$75,000	\$114,000	\$189,000

- (1) This column reflects the aggregate grant date fair value of restricted stock awards granted during the year computed in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. The aggregate grant date fair value is calculated using the closing price of our common stock on the date of grant, September 10, 2018, and excludes the impact of estimated forfeitures. In 2018, each Board member was granted 3,000 shares of restricted stock, which vests one year from the date of grant. The aggregate number of restricted stock awards outstanding as of December 31, 2018, for each Board member is 3,000 shares.
- (2) Dr. Naik was appointed to the Board in August 2018.

PROPOSAL 1 – ELECTION OF DIRECTORS

The Board is divided into three classes presently consisting of three Class I Directors, four Class II Directors, and three Class III Directors. Class I consists of Ronald H. Cooper, Janice I. Obuchowski, and Donald B. Reed, whose terms will expire at the Annual Meeting. Class II consists of David G. Barnes, Marwan H. Fawaz, Dr. Rajan Naik, and Donald V. Smith, whose terms will expire at the 2020 annual meeting of stockholders. Class III consists of Bret C. Griess, Frank V. Sica, and James A. Unruh, whose terms will expire at the 2021 annual meeting of stockholders.

The Board, upon recommendation by the Nominating and Corporate Governance Committee, has nominated Mr. Cooper, Ms. Obuchowski, and Mr. Reed to be elected as Class I Directors at the Annual Meeting. Unless the proxy is marked otherwise, the person acting under the accompanying proxy will vote to elect Mr. Cooper, Ms. Obuchowski, and Mr. Reed as the Class I Directors to serve until the 2022 annual meeting of stockholders. If a nominee is unable to serve, then the person acting under the proxy may vote the proxy for the election of a substitute nominee. The Company presently expects that all three nominees will be able to serve, and each of the director nominees has consented to serve as directors on the Board.

The following chart outlines the areas of expertise that each director serving on the Board possesses. In addition, we have provided a brief summary of those skills with each director’s biographical information.

BOARD OF DIRECTORS

Skills and Experience

Name	Accounting / Finance	Capital Markets / Debt Financing	Corporate Governance	Cyber-security	Executive Leadership	Global Business	Government / Public Policy	Marketing / Sales	Mergers / Acquisitions
David G. Barnes									
Ronald H. Cooper									

Marwan H.
Fawaz

Bret C.
Griess

Dr. Rajan
Naik

Janice I.
Obuchowski

2011

First Quarter	989.05	909.76	989.05
Second Quarter	1015.26	929.57	978.64
Third Quarter	1011.65	775.07	781.26
Fourth Quarter	912.99	744.98	879.16
2012			
First Quarter	1005.22	885.52	994.30
Second Quarter	1001.65	891.32	941.64
Third Quarter	1026.85	914.97	989.02
Fourth Quarter	1030.15	945.96	1020.43
2013			
First Quarter	1153.68	1046.32	1153.68
Second Quarter	1214.89	1104.79	1160.82
Third Quarter	1257.72	1170.68	1243.85
Fourth Quarter	1342.53	1222.86	1342.53
2014			
First Quarter	1389.21	1265.61	1378.50
Second Quarter	1432.94	1318.50	1432.94
Third Quarter	1445.16	1365.31	1370.97
Fourth Quarter	1474.40	1288.10	1452.44
2015			
First Quarter	1539.61	1410.91	1524.03
Second Quarter	1549.44	1499.68	1502.17
Third Quarter	1522.99	1351.29	1368.91
Fourth Quarter	1468.98	1366.44	1461.81

October 1,
2015 to
November
30, 2015

PRS-40

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

The iShares® MSCI Emerging Markets ETF

The iShares MSCI Emerging Markets ETF is an exchange traded fund that seeks to track the MSCI Emerging Markets Index, an equity index that is designed to measure equity performance in global emerging markets. See Description of Exchange Traded Funds The iShare® MSCI Emerging Markets ETF in the accompanying market measure supplement for additional information about the iShares MSCI Emerging Markets ETF.

MSCI, Inc. has announced that, effective with the November 2015 semi-annual index review, companies traded outside of their country of classification (i.e., foreign listed companies) will become eligible for inclusion in the component country indices included in the MSCI Emerging Markets Index. In order for a component country index to be eligible to include foreign listed companies, it must meet the Foreign Listing Materiality Requirement. To meet the Foreign Listing Materiality Requirement, the aggregate market capitalization of all securities represented by foreign listings should represent at least (i) 5% of the free float-adjusted market capitalization of the relevant component country index and (ii) 0.05% of the free-float adjusted market capitalization of the MSCI ACWI Investable Market Index (an index that measures equity performance in both the developed and emerging markets).

The information about the MSCI Emerging Markets Index contained herein updates the information included in the accompanying market measure supplement. See Description of Equity Indices The MSCI Emerging Markets Index in the accompanying market measure supplement for additional information about the MSCI Emerging Markets Index.

Historical Information

We obtained the closing prices of the iShares MSCI Emerging Markets ETF Index listed below from Bloomberg, without independent verification.

The following graph sets forth daily closing prices of the iShares MSCI Emerging Markets ETF for the period from January 1, 2005 to November 30, 2015. The closing level on November 30, 2015 was \$33.99. The historical performance of the iShares MSCI Emerging Markets ETF should not be taken as an indication of the future performance of the iShares MSCI Emerging Markets ETF during the term of the securities.

Access Securities with Upside Participation (Averaging) and Buffered**Downside with Multiplier****Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic****Interest due June 24, 2019****The iShares® MSCI Emerging Markets ETF (Continued)**

The following table sets forth the high and low closing prices, as well as end-of-period closing prices, of the iShares MSCI Emerging Markets ETF for each quarter in the period from January 1, 2005 through September 30, 2015 and for the period from October 1, 2015 to November 30, 2015.

	High	Low	Last
2005			
First Quarter	\$24.65	\$21.23	\$22.54
Second Quarter	\$24.37	\$21.67	\$23.83
Third Quarter	\$28.32	\$23.93	\$28.32
Fourth Quarter	\$29.83	\$25.07	\$29.40
2006			
First Quarter	\$33.59	\$30.43	\$33.02
Second Quarter	\$37.03	\$27.34	\$31.23
Third Quarter	\$33.14	\$29.20	\$32.29
Fourth Quarter	\$38.15	\$31.80	\$38.10
2007			
First Quarter	\$39.53	\$35.03	\$38.75
Second Quarter	\$44.42	\$39.13	\$43.82
Third Quarter	\$50.11	\$39.50	\$49.78
Fourth Quarter	\$55.64	\$47.27	\$50.10
2008			
First Quarter	\$50.37	\$42.17	\$44.79
Second Quarter	\$51.70	\$44.43	\$45.19
Third Quarter	\$44.43	\$31.33	\$34.53
Fourth Quarter	\$33.90	\$18.22	\$24.97
2009			
First Quarter	\$27.09	\$19.94	\$24.81
Second Quarter	\$34.64	\$25.65	\$32.23
Third Quarter	\$39.29	\$30.75	\$38.91
Fourth Quarter	\$42.07	\$37.56	\$41.50
2010			
First Quarter	\$43.22	\$36.83	\$42.12
Second Quarter	\$43.98	\$36.16	\$37.32
Third Quarter	\$44.77	\$37.59	\$44.77
Fourth Quarter	\$48.58	\$44.77	\$47.62

Edgar Filing: CSG SYSTEMS INTERNATIONAL INC - Form DEF 14A

2011			
First Quarter	\$48.69	\$44.63	\$48.69
Second Quarter	\$50.21	\$45.50	\$47.60
Third Quarter	\$48.46	\$34.95	\$35.07
Fourth Quarter	\$42.80	\$34.36	\$37.94
2012			
First Quarter	\$44.76	\$38.23	\$42.94
Second Quarter	\$43.54	\$36.68	\$39.19
Third Quarter	\$42.37	\$37.42	\$41.32
Fourth Quarter	\$44.35	\$40.14	\$44.35
2013			
First Quarter	\$45.20	\$41.80	\$42.78
Second Quarter	\$44.23	\$36.63	\$38.57
Third Quarter	\$43.29	\$37.34	\$40.77
Fourth Quarter	\$43.66	\$40.44	\$41.77
2014			
First Quarter	\$40.99	\$37.09	\$40.99
Second Quarter	\$43.95	\$40.82	\$43.23
Third Quarter	\$45.85	\$41.56	\$41.56
Fourth Quarter	\$42.44	\$37.73	\$39.29
2015			
First Quarter	\$41.07	\$37.92	\$40.13
Second Quarter	\$44.09	\$39.04	\$39.62
Third Quarter	\$39.78	\$31.32	\$32.78
October 1, 2015 to November 30, 2015	\$36.29	\$32.96	\$33.99

PRS-42

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

The Russell 2000® Index

The Russell 2000 Index is an equity index that is designed to track the performance of the small capitalization segment of the United States equity market. See [Description of Equity Indices The Russell 2000 Index](#) in the accompanying market measure supplement for additional information about the Russell 2000 Index.

Historical Information

We obtained the closing levels of the Russell 2000 Index listed below from Bloomberg, without independent verification.

The following graph sets forth daily closing levels of the Russell 2000 Index for the period from January 1, 2005 to November 30, 2015. The closing level on November 30, 2015 was 1198.111. The historical performance of the Russell 2000 Index should not be taken as an indication of the future performance of the Russell 2000 Index during the term of the securities.

PRS-43

Access Securities with Upside Participation (Averaging) and Buffered**Downside with Multiplier****Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic****Interest due June 24, 2019****The Russell 2000® Index (Continued)**

The following table sets forth the high and low closing levels, as well as end-of-period closing levels, of the Russell 2000 Index for each quarter in the period from January 1, 2005 through September 30, 2015 and for the period from October 1, 2015 to November 30, 2015.

	High	Low	Last
2005			
First Quarter	644.950	604.530	615.070
Second Quarter	644.190	575.020	639.660
Third Quarter	688.510	643.040	667.800
Fourth Quarter	690.570	621.570	673.220
2006			
First Quarter	765.140	684.050	765.140
Second Quarter	781.830	672.720	724.670
Third Quarter	734.479	671.940	725.594
Fourth Quarter	797.732	718.352	787.664
2007			
First Quarter	829.438	760.063	800.710
Second Quarter	855.092	803.218	833.699
Third Quarter	855.774	751.544	805.450
Fourth Quarter	845.720	735.066	766.031
2008			
First Quarter	753.548	643.966	687.967
Second Quarter	763.266	686.073	689.659
Third Quarter	754.377	657.718	679.583
Fourth Quarter	671.590	385.308	499.453
2009			
First Quarter	514.710	343.260	422.748
Second Quarter	531.680	429.158	508.281
Third Quarter	620.695	479.267	604.278
Fourth Quarter	634.072	562.395	625.389
2010			
First Quarter	690.303	586.491	678.643
Second Quarter	741.922	609.486	609.486
Third Quarter	677.642	590.034	676.139
Fourth Quarter	792.347	669.450	783.647

Edgar Filing: CSG SYSTEMS INTERNATIONAL INC - Form DEF 14A

2011			
First Quarter	843.549	773.184	843.549
Second Quarter	865.291	777.197	827.429
Third Quarter	858.113	643.421	644.156
Fourth Quarter	765.432	609.490	740.916
2012			
First Quarter	846.129	747.275	830.301
Second Quarter	840.626	737.241	798.487
Third Quarter	864.697	767.751	837.450
Fourth Quarter	852.495	769.483	849.350
2013			
First Quarter	953.068	872.605	951.542
Second Quarter	999.985	901.513	977.475
Third Quarter	1078.409	989.535	1073.786
Fourth Quarter	1163.637	1043.459	1163.637
2014			
First Quarter	1208.651	1093.594	1173.038
Second Quarter	1192.964	1095.986	1192.964
Third Quarter	1208.150	1101.676	1101.676
Fourth Quarter	1219.109	1049.303	1204.696
2015			
First Quarter	1266.373	1154.709	1252.772
Second Quarter	1295.799	1215.417	1253.947
Third Quarter	1273.328	1083.907	1100.688
October 1, 2015 to November 30, 2015	1202.375	1097.552	1198.111

PRS-44

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

ERISA Considerations

Each fiduciary of a pension, profit-sharing or other employee benefit plan to which Title I of the Employee Retirement Income Security Act of 1974 (ERISA) applies (a plan), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan. When we use the term holder in this section, we are referring to a beneficial owner of the securities and not the record holder.

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans to which Section 4975 of the Code applies (also plans), from engaging in specified transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Code (collectively parties in interest) with respect to such plan. A violation of those prohibited transaction rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless statutory or administrative exemptive relief is available. Therefore, a fiduciary of a plan should also consider whether an investment in the securities might constitute or give rise to a prohibited transaction under ERISA and the Code.

Employee benefit plans that are governmental plans, as defined in Section 3(32) of ERISA, certain church plans, as defined in Section 3(33) of ERISA, and foreign plans, as described in Section 4(b)(4) of ERISA (collectively, Non-ERISA Arrangements), are not subject to the requirements of ERISA, or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or regulations (Similar Laws).

We and our affiliates may each be considered a party in interest with respect to many plans. Special caution should be exercised, therefore, before the securities are purchased by a plan. In particular, the fiduciary of the plan should consider whether statutory or administrative exemptive relief is available. The U.S. Department of Labor has issued five prohibited transaction class exemptions (PTCEs) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the securities. Those class exemptions are:

PTCE 96-23, for specified transactions determined by in-house asset managers;

PTCE 95-60, for specified transactions involving insurance company general accounts;

PTCE 91-38, for specified transactions involving bank collective investment funds;

PTCE 90-1, for specified transactions involving insurance company separate accounts; and

PTCE 84-14, for specified transactions determined by independent qualified professional asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption for transactions between a plan and a person who is a party in interest (other than a fiduciary who has or exercises any discretionary authority or control with respect to investment of the plan assets involved in the transaction or renders investment advice with respect thereto) solely by reason of providing services to the plan (or by reason of a relationship to such a service provider), if in connection with the transaction of the plan receives no less, and pays no more, than adequate consideration (within the meaning of Section 408(b)(17) of ERISA).

Any purchaser or holder of the securities or any interest in the securities will be deemed to have represented by its purchase and holding that either:

no portion of the assets used by such purchaser or holder to acquire or purchase the securities constitutes assets of any plan or Non-ERISA Arrangement; or

the purchase and holding of the securities by such purchaser or holder will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any Similar Laws.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the securities on behalf of or with plan assets of any plan consult with their counsel regarding the potential consequences under ERISA and the Code of the acquisition of the securities and the availability of exemptive relief.

The securities are contractual financial instruments. The financial exposure provided by the securities is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or

PRS-45

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

ERISA Considerations (Continued)

holder of the securities. The securities have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the securities.

Each purchaser or holder of the securities acknowledges and agrees that:

- (i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (a) the design and terms of the securities, (b) the purchaser or holder's investment in the securities, or (c) the exercise of or failure to exercise any rights we have under or with respect to the securities;
- (ii) we and our affiliates have acted and will act solely for our own account in connection with (a) all transactions relating to the securities and (b) all hedging transactions in connection with our obligations under the securities;
- (iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;
- (iv) our interests may be adverse to the interests of the purchaser or holder; and
- (v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Purchasers of the securities have the exclusive responsibility for ensuring that their purchase, holding and subsequent disposition of the securities does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the securities would be appropriate for, or would meet any or all of the relevant legal requirements with respect to investments by, plans or Non-ERISA Arrangements generally or any particular plan or Non-ERISA Arrangement

PRS-46

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

United States Federal Tax Considerations

The following is a discussion of the material U.S. federal income and certain estate tax consequences of the ownership and disposition of the securities. It applies to you only if you purchase a security for cash at its stated principal amount and hold it as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code). This discussion does not address all of the tax consequences that may be relevant to you in light of your particular circumstances or if you are a holder subject to special rules, such as:

a financial institution;

a regulated investment company ;

a real estate investment trust ;

a tax-exempt entity, including an individual retirement account or Roth IRA ;

a dealer or trader subject to a mark-to-market method of tax accounting with respect to the securities;

a person holding a security as part of a straddle or conversion transaction or who has entered into a constructive sale with respect to a security;

a U.S. holder (as defined below) whose functional currency is not the U.S. dollar; or

an entity classified as a partnership for U.S. federal income tax purposes.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds the securities, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partnership holding the securities or a partner in such a partnership, you should consult your tax adviser as to your particular U.S. federal tax consequences of holding and disposing of the securities.

We will not attempt to ascertain whether any of the issuers whose stock is included in the equity index basket components (the underlying stocks) is treated as a U.S. real property holding corporation (USRPHC) within the meaning of Section 897 of the Code or as a passive foreign investment company (PFIC) within the meaning of

Section 1297 of the Code. If any of the issuers of the underlying stocks were so treated, certain adverse U.S. federal income tax consequences might apply to you, in the case of a USRPHC if you are a non-U.S. holder (as defined below) and in the case of a PFIC if you are a U.S. holder (as defined below), upon the sale, exchange or other disposition of the securities. You should refer to information filed with the Securities and Exchange Commission or another governmental authority by the issuers of the underlying stocks and consult your tax adviser regarding the possible consequences to you if any of the issuers of the underlying stocks is or becomes a USRPHC or PFIC.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date of this pricing supplement, changes to any of which subsequent to the date of this pricing supplement may affect the tax consequences described herein, possibly with retroactive effect. This discussion does not address the effects of any applicable state, local or non-U.S. tax laws, any alternative minimum tax consequences or the potential application of the Medicare tax on investment income. You should consult your tax adviser concerning the application of the U.S. federal income and estate tax laws to your particular situation (including the possibility of alternative treatments of the securities), as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction.

Tax Treatment of the Securities

Due to the absence of statutory, judicial or administrative authorities that directly address the treatment of the securities or instruments that are similar to the securities for U.S. federal income tax purposes, no assurance can be given that the IRS or a court will agree with the tax treatment described herein. We intend to treat a security for U.S. federal income tax purposes as a prepaid derivative contract that provides for an interest payment that will be treated as gross income to you at the time received or accrued in accordance with your regular method of tax accounting. In the opinion of our counsel, Davis Polk & Wardwell LLP, this treatment of the securities is reasonable under current law; however, our counsel has advised us that it is unable to conclude affirmatively that this treatment is more likely than not to be upheld, and that alternative treatments are possible.

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities. Unless otherwise stated, the following discussion is based on the treatment of the securities as described in the previous paragraph.

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

United States Federal Tax Considerations (Continued)

Tax Consequences to U.S. Holders

This section applies only to U.S. holders. You are a U.S. holder if you are a beneficial owner of a security that is, for U.S. federal income tax purposes:

a citizen or individual resident of the United States;

a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or

an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Tax Treatment of Interest Payments. Any interest payments on the securities should be taxable as ordinary income to you at the time received or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

Sale, Exchange or Retirement of the Securities. Upon a sale, exchange or retirement of the securities, you should recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and your tax basis in the securities that are sold, exchanged or retired. For this purpose, the amount realized does not include any interest paid at retirement and may not include sale proceeds attributable to accrued interest, which may be treated as described above under Tax Treatment of Interest Payments. Your tax basis in the securities should equal the amount you paid to acquire them. Subject to the discussion below concerning the potential application of the constructive ownership rules under Section 1260 of the Code, this gain or loss should be long-term capital gain or loss if you have held the securities for more than one year at the time of the sale, exchange or retirement, and should be short-term capital gain or loss otherwise. The ordinary income treatment of the interest payments, in conjunction with the capital loss treatment of any loss recognized upon the sale, exchange or settlement of the securities, could result in adverse tax consequences to holders of the securities because the deductibility of capital losses is subject to limitations.

Potential Application of Section 1260 of the Code. There is a significant risk that your purchase of a security may be treated as entry into a constructive ownership transaction, within the meaning of Section 1260 of the Code, with respect to the shares of the funds. In that case, all or a portion of any long-term capital gain you would otherwise recognize in respect of your securities would be recharacterized as ordinary income to the extent such gain exceeded the net underlying long-term capital gain. Any long-term capital gain recharacterized as ordinary income under

Section 1260 of the Code would be treated as accruing at a constant rate over the period you held your securities, and you would be subject to an interest charge in respect of the deemed tax liability on the income treated as accruing in prior tax years. Due to the lack of governing authority under Section 1260 of the Code, our counsel is not able to opine as to whether or how Section 1260 of the Code applies to the securities, including how the net underlying long-term capital gain should be computed if Section 1260 does apply. You should consult your tax adviser regarding the potential application of the constructive ownership rule.

Possible Alternative Tax Treatments of an Investment in the Securities. Alternative U.S. federal income tax treatments of the securities are possible that, if applied, could materially and adversely affect the timing and/or character of income, gain or loss with respect to them. It is possible, for example, that the securities could be treated as debt instruments issued by us. Under this treatment, the securities would be governed by Treasury regulations relating to the taxation of contingent payment debt instruments. In that event, (i) regardless of your regular method of tax accounting, in each year that you held the securities you would be required to accrue income, subject to certain adjustments, based on our comparable yield for similar non-contingent debt, determined as of the time of issuance of the securities, and (ii) any gain on the sale, exchange or retirement of the securities would be treated as ordinary income. Even if the securities are treated for U.S. federal income tax purposes as prepaid derivative contracts rather than debt instruments, the IRS could treat the timing and character of income with respect to interest payments in a manner different from that described above.

Other possible U.S. federal income tax treatments of the securities could also affect the timing and character of income or loss with respect to the securities. In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of prepaid forward contracts and similar instruments. The notice focuses in particular on whether to require investors in these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the

Access Securities with Upside Participation (Averaging) and Buffered

Downside with Multiplier

Principal at Risk Securities Linked to a Global Basket of Equity Indices and ETFs with Periodic

Interest due June 24, 2019

United States Federal Tax Considerations (Continued)