CIBER INC
Form 10-K
February 20, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

þ 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

o 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: 001-13103

Ciber, Inc.
(Exact name of registrant as specified in its charter)

Delaware	38-2046833
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6363 South Fiddler's Green Circle, Suite 1400, Greenwood Village, Colorado	80111
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (303) 220-0100

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange

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. o Yes x 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. o Yes x 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. x Yes o No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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. o
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 o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The aggregate market value of the outstanding voting stock held by non-affiliates of the registrant as of June 30, 2014, was $353,212,781 based on the closing price of the registrant's Common Stock of $4.94 per share reported on the New York Stock Exchange on such date.

As of February 9, 2015, there were 78,651,636 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2015 Annual Meeting of Shareholders, which we intend to file no later than April 30, 2015, are incorporated by reference into Part III of this Report.

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Part I

Disclosure Regarding Forward-Looking Statements

This annual report on Form 10-K contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, and expectations with respect to future operations, products, and services, and statements regarding future performance of one or more aspects of our business. We intend forward-looking statements to be identified by words such as "anticipate," "believe," "expect," "estimate," "intend," "may," "opportunity," "plan," "potential," "project," "should," and similar expressions.

Forward-looking statements appear in a number of places in this Form 10-K, and include statements about such matters as:

- business strategies and other plans and objectives for future operations, including plans for customer growth and retention, market, service and product development and expansion and restructuring of operations;
- our outlook on our future financial condition or results of operations;
- our belief that we have sufficient liquidity available to finance our working capital needs through at least the end of 2015;
- the amount and nature of future capital expenditures and the availability of liquidity and capital resources to fund capital expenditures;
- anticipated changes in the market for information technology (“IT”) services and spending on IT services by our customers; and
- anticipated changes in the methods we use, and costs we experience, in marketing, selling and delivering our services.

Although we believe that the expectations reflected in such forward-looking statements are reasonable at the time they are made, you are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control. Risks and uncertainties could cause actual results and developments to differ materially from those expressed in, or implied or projected by, forward-looking information and statements provided here or in other disclosures and presentations. Those risks and uncertainties include, but are not limited to, the risks discussed or identified below in a section titled "Risk Factors." As we may update those Risk Factors from time to time, please consult our public filings at www.sec.gov or www.ciber.com. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We do not undertake any obligation to update or revise any forward-looking information or statements.

Item 1. Business

In this Annual Report on Form 10-K, references to "we," "our," "us," "the Company," or "Ciber" refer to Ciber, Inc. and its subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year, which ends on December 31.

Overview

Ciber is a leading global information technology ("IT") services company founded in 1974 with 40 years of proven IT experience and a wide range of technology expertise. Ciber has the infrastructure and expertise to deliver IT services on a global scale. Focusing on the client, we take a personalized approach that includes building long-term relationships via the creation of IT solutions for the client, and implementing business strategies that reflect anticipated trends. We are committed to delivering quality solutions precisely configured to our clients' needs and achieving the highest level of customer satisfaction and self-assessed customer delight. Our goal is delivering business value to our clients.

The key initiatives of our strategic plan include: (i) focusing on high-value, tightly-defined core offerings with a well-developed portfolio of reusable solution sets; (ii) performing under heightened operational regimes and (iii) customer service.

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Expertise and Capabilities:

- Ciber Services: We go to market around three groups of services that we provide to our clients, which we refer to as the three core pillars of our business: (i) Application Development and Maintenance services, or ADM, (ii) Independent Software Vendor relationships, or ISVs, and (iii) our Ciber Managed Services, which we refer to as CMS.

- Vertical Markets: Ciber has experience in a wide range of industries and has deep domain expertise and customized, in-depth technology solutions and best practices. Our focused offerings align with the needs of Global 2000 blue-chip companies in industries such as manufacturing, retail, healthcare and life sciences, communications, energy and utilities, financial services, and the public sector.

- Integrated Global Delivery: Our global delivery centers in the U.S., India, Germany, Poland, and the Netherlands, allow us to globally integrate our delivery network and thus provide solutions onsite, offsite, onshore, near-shore or in a blended combination. Through our global delivery centers we produce repeatable standardized processes that allow us to optimize efficiency, investment and speed to value.

IT Industry Background

The global IT services market is approximately $1 trillion and the more specific market in which Ciber competes is approximately $100 billion in revenue. Traditional software implementation and ISV projects comprise over half of the market, but the industry is shifting to the faster growing cloud and SaaS (Software as a Service) services.

Reportable Segments

Ciber operates globally, reporting resources in two segments: North America and International. During the second quarter of 2013, we closed down our Russian operations. In 2012 we sold our Federal division and the infrastructure portion of our information technology outsourcing practice. As a result, these businesses are now reported as discontinued operations within our financial statements and accordingly, our financial statements have been reclassified for all periods presented in this Annual Report on Form 10-K to conform to the current presentation. Additionally, discussions throughout this Annual Report on Form 10-K exclude the discontinued operations, unless otherwise noted.

International

In 2014, our International segment represented approximately 51% of our total revenue. Revenues from International were $441.9 million, $456.4 million, and $434.2 million for the years ended December 31, 2014, 2013, and 2012, respectively. Our Ciber International segment is organized by country and primarily consists of countries in Western Europe and the Nordic region. Our four largest countries are Germany, the Netherlands, the United Kingdom ("U.K.") and Norway, respectively.

North America

In 2014, our North America segment represented approximately 49% of our total revenue. Revenues from North America were $422.7 million, $423.3 million, and $432.8 million for the years ended December 31, 2014, 2013, and 2012, respectively. Our North America segment is organized into practices.

Services

Our International and North America segments operate to harmonize our service offerings across both segments and provide consistent quality services to our global clients:

1. Staffing/Application Development and Maintenance

Ciber was founded as an IT staffing business and 40 years later it remains a large portion of our revenue. We support IT services needs across the full demand spectrum in a variety of technologies and disciplines. Our staffing services cover the full software development lifecycle as well as steady-state operations. We excel in program and project management, business analysis, and software and system design, testing and implementation.

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Ciber's Application Development and Maintenance services provide analysis, design, development, testing, implementation, and maintenance of our client's business applications. We offer flexible, capable, objective and technical business services focusing on eCommerce, application development and enterprise modernization.

Through our project managers (PMs) and business analysts (BAs), Ciber provides experienced talent, capabilities, dedication and consulting acumen. Ciber's expert project manager and business analyst professionals deliver first-class solutions and continue to be client focused and results driven with the agility that is required of modern business. Utilizing a Project Management Office (PMO) centralizes management and control of projects to ensure that they successfully achieve an organization's strategic business objectives. In addition to the PMO, Ciber also offers Project Portfolio Management (PPM) services where our experts identify and analyze all projects in all portfolios, prioritize them for effectiveness, manage and control them in such a way as to achieve IT goals and objectives, and evaluate them for best practices, reusable procedures, and return on investment.

2. ISV/Channel Partner Platforms

We have long-term relationships with leading IT software providers and systems developers, and are a leading ISV or Channel Partner for industry leaders. We provide expert project management, application and technical consulting, database administration, and infrastructure support for both a project-based or managed-services approach, allowing clients to take maximum advantage of advances in rapid technology. Our consulting solutions range from project strategy and planning, software assessment and selection, to implementation and integration, hosting and change management. Our solutions provide customers with higher productivity, lower costs, and accelerated return on investment.

SAP: Ciber is a committed SAP partner and has been for more than 20 years. We help our customers meet their business needs with their technology investments and deliver the results they demand. As an SAP Gold Partner for Hosting, Application Management, HANA and Cloud Services, Ciber consultants have the skills and experience to guide our customers with all aspects of their implementation and operation of SAP systems globally.

Ciber covers the entire SAP application portfolio focusing on Cloud Apps, Analytics, HANA, hybris Omni-Commerce, UX & Mobile solutions and Governance Risk and Compliance requirements. We are an early adopter of SAP's new technologies such as mobility, in-memory computing (HANA), and HR applications (Success Factors), and have templated solutions for Retail & Wholesale, Energy & Utilities, Publishing & Media, Process Industry Chemicals & Pharma and Public Sector - Social Housing. A large set of Ciber customers have also achieved faster time to value by adopting Ciber IP in the form of software products in areas such as Compliance, Master Data Management or Core Finance Processes.

Oracle: Ciber is an Oracle Platinum Partner. We offer a variety of traditional and cloud-based services. We are a business process outsourcer for Oracle which enables us to provide business services and Oracle software on a subscription basis in a hosted managed services environment. We have expertise in helping clients implement, upgrade, and maintain Oracle's E-Business Suite, PeopleSoft, Hyperion and Cloud product lines. Since 1990, we have helped clients across the globe leverage their Oracle applications to improve business processes, reduce costs, and provide better support for management decision-making. We are Oracle's premier partner in higher education, a lead partner in the public sector, and an emerging partner in health care.

Infor: In 2014 Ciber was named Infor Partner of the Year. Since 1995, Ciber has been a premiere Global Alliance Infor Lawson Consulting partner providing services for a variety of industries including healthcare, education, government, retail, manufacturing, and many others. Our solutions include: full ERP implementation and upgrade services, human capital management and talent management implementation services, managed services and business intelligence and integration services, among others.

Microsoft: Ciber and Microsoft have been global partners since 1996. We are a recognized Global Dynamics Partner, a Public Sector Global Partner of the Year, and a UK Dynamics Partner of the Year. We are also currently a Microsoft Inner Circle Partner, a recognition that is only given to a select group of global partners. While we work with Microsoft clients in many industries we specialize in three core verticals: financial services, the public sector and not-for-profit organizations.

Our typical Microsoft customers have very sophisticated needs and requirements and therefore our solutions require a broad spectrum of expertise including Dynamics CRM, Office 365, Sharepoint, Yammer, Lync, Infrastructure design and delivery, Dynamics AX, and .NET development. We are recognized in the industry as an expert in CRM/xRM solutions integration with Microsoft applications as well as non-Microsoft third party applications in either on-premise or cloud environments.

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3. Integrated Managed Services

Managed services are the core of Ciber's business. Today many companies selectively outsource some level of IT functionality because Managed Services is a proven way to reduce and control operating costs, improve company focus and gain access to world-class IT capabilities. We partner with clients to optimize their IT environment so that they can focus on business innovation.

We work with clients utilizing a highly industrialized support concept to optimize their IT environment. We guide them through the jungle of innovations, allowing them to invest in high value opportunities to drive their success.

Ciber has extensive knowledge in custom application development, maintenance and enhancement, application management, and infrastructure management. We have the knowledge and strategic expertise to help clients shift to the cloud, integrate cloud applications and manage multi-cloud environments.

4. Other Services

Our business consulting practice is comprised of Enterprise Application Consultancy, IT Strategy Consultancy and Business Process Consultancy. Enterprise Application Consultancy focuses on cloud, mobility, customer engagement and enterprise information management. IT Strategy Consultancy helps businesses choose the right IT strategy by creating a joint business and IT road map and managing the change within the organization. Business Process Consultancy helps businesses become more agile, aware and intelligent. As a result businesses can quickly respond to changing market demands, make promises to clients they can live up to, and have data instantly available to make more informed business decisions. Ciber's business consulting services have in-depth industry expertise in the retail, manufacturing and utilities verticals.

The above areas represent our key service offerings. However we also offer IT services for other emerging technologies.

Financial Information about Segments and Geographic Areas

Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 16 of the Notes to our Consolidated Financial Statements included under "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for a discussion of financial information by segment and geographic areas.

Clients

Our current clients range from large corporations listed in the Fortune 100 to middle-market clients. These entities include businesses in most major industries. We also serve government entities in both North America and International. These organizations use significant portions of their IT budgets to partner with outside firms which enable them to achieve their business and IT objectives. We serve industries that include manufacturing, professional service, the public sector, healthcare and life sciences, and retail.

Certain clients account for a significant portion of our revenue. While no specific client accounts for over 10% of our consolidated revenues, our 5 largest clients accounted for approximately 19% of our consolidated revenues in 2014.

Client satisfaction is one of our top priorities. It allows us to develop sustainable client relationships and, as a result, business success.

Competition

The IT services industry is highly competitive and characterized by continuous change in customer requirements and improvements in technologies. Our competition varies significantly by geography, as well as by the type of service provided and the vertical market. We believe our competitors include, among others, Accenture plc, Atos, Capgemini, Cognizant Technology Solutions Corp, Infosys Technologies Limited, Wipro, Perficient, Inc., Sapient Corp and The Hackett Group, Inc. In addition, we compete with many smaller, emerging, local companies in the markets in which we operate, as well as the service divisions of various software developers.

Our clients are focused on quality and cost of service. We continue to migrate work to our global offshore delivery centers in order to meet these customer demands and compete globally. By utilizing our global offshore delivery centers we are able to respond to our clients' need for a complete IT solution at competitive prices.

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Our Competitive Strengths

We believe that our competitive strengths, identified below, position us to respond to the long-term trends, changing demands and competition within our principal markets.

Long-term Client Relationships - Ciber has been in business since 1974. We regularly achieve high client satisfaction and have great success renewing client relationships. In fact, our very first client remains one of our top five clients today in terms of annual revenue. We provide a variety of services in multiple locations for this global client. This relationship exemplifies the kind of long-term commitment that we have toward our clients and speaks to the quality and breadth of the services that we provide. We are nimble to adapt to our clients' rapidly changing needs as a result of our wide range of services. Because of our long-term client relationships, we are highly referenced in the verticals and practices in which we do business.

Global Presence - Through One Ciber, our globalization initiative, we are expanding our practices worldwide, and employing the thought leadership and intellectual property of our consultants to make it accessible to our clients everywhere. We believe Ciber combines the best of global reach with local presence through onshore, near-shore and offshore centers of excellence. When combined with local account management and long-standing client relationships, we are able to provide our clients with flexible, agile service delivery that speeds their time to value of technology investments.

Recognized Thought Leader - Influencers including technology analyst firms, industry associations, and user groups, as well as our clients and partners, have recognized Ciber as a thought leader in the industry. We often demonstrate our thought leadership through Ciber-authored white papers, speaking engagements, analyst reports, and blogs. Awards from partners, influencers and clients recognize our thought leadership, vertical industry expertise, service excellence, and resulting client satisfaction.
Ciber has adhered to a Quality Management approach to business for many years. We have achieved many location specific certifications including ISO 9001, ISO 27001 and ISO 20000 as well as successfully completed a Software Engineering Institute's Capability Maturity Model Integration (CMMI) at our offshore center to take advantage of industry best practices. We have evolved and customized our processes to become more applicable to our outsourcing, management, and solution services. Our focus on quality allows us to better serve our clients through consistency, efficiency, and reliable IT security.

Employees

As of December 31, 2014, we had approximately 6,500 employees, including billable employees and support staff. We routinely supplement our employee consulting staff with the use of subcontractors, which totaled approximately 700 at December 31, 2014, most of which are from other services firms. Between Ciber employees and subcontractors, we had approximately 5,600 billable consultants at December 31, 2014. None of our employees are subject to a collective bargaining arrangement and we believe our relations with our employees are good. We have employment agreements with our executive officers and certain other employees.

Seasonality

We experience a moderate amount of seasonality. Typically, our billable hours, which directly affect our revenue and profitability, decrease in the second half of the year, especially during the third quarter for our International segment and the fourth quarter for our North America segment, due to the large number of holidays and vacation time taken by our billable consultants. As a result, our operating income as a percentage of total revenue is generally the lowest in the third quarter of each calendar year for our International segment and the fourth quarter of each calendar year for our North America segment.

Available Information

On the Investor Relations section of our website (www.ciber.com), we make available free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after such reports are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Exchange Act.

Item 1A. Risk Factors

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We operate in a dynamic and rapidly changing economic and technological environment that involves numerous risks and uncertainties, many of which are driven by factors that we cannot control or predict. The following section describes some, but not all, of the factors that could have a material adverse effect on our business, financial condition, results of operations, and the market price of our common stock.

Our results of operations may be adversely affected if we are unable to refine our offerings, improve efficiency, and execute on these key elements of our strategic plan or our strategic plan proves to be less successful than anticipated.

If we fail to properly analyze and classify the needs of our clients and refine our offerings, we may not be able to achieve our desired client retention and growth objectives and, as a consequence, our financial performance may be negatively impacted. If we are unable to instill the appropriate operational regimes and delivery methods to increase our overall efficiency and cost effectiveness, we may not be able to increase our profitability, improve our cash flow, and strengthen our balance sheet. If we are unable to successfully execute any or all of the initiatives of our strategic plan, our revenues, operating results, and profitability may be adversely affected. Even if we successfully implement our strategic plan, we cannot guarantee that our plan will be successful and that our revenues, operating results, and profitability will improve to the levels we anticipate, or at all. With respect to our previously-announced restructuring initiatives (the most recent of which began in the third quarter of 2014), there can be no assurance that we will achieve the cost savings estimated or that we will not encounter the need to spend additional amounts to offset other factors that impact our business.

If we are not able to anticipate and keep pace with rapid changes in technology, our business may be negatively affected.

Our success depends on our ability to develop and implement technology services and solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely basis, and our services and solutions may not be successful in the marketplace. In addition, services, solutions and technologies developed by current or future competitors may make our service or solution offerings uncompetitive or obsolete. Any one of these circumstances could adversely affect our ability to obtain and successfully complete client engagements.

A data security or privacy breach could adversely affect our business.

The protection of client, employee, and company data is critical to our reputation and the success of our business. Our clients have a high expectation that we will adequately protect their confidential information. In addition, the regulatory environment surrounding information security and privacy is increasingly demanding with new and constantly changing requirements and third-party efforts to breach systems are increasing in frequency and sophistication. Protection of confidential client, employee, and Company data, along with compliance in the constantly changing regulatory environment may add expenses to our business operations. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential client or employee data, whether through a third party system breach, systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems or those we develop for our clients, whether by our employees or third parties, could result in system disruptions, negative publicity, legal liability, monetary damages, and damage to our reputation.

We may experience declines in profitability if we do not accurately estimate the cost of engagements conducted on a fixed-price basis.

When making a proposal for or managing a fixed-price engagement, we rely on our estimates of costs and timing for delivering our services, which are sometimes based on limited data and could be inaccurate. If we do not accurately estimate our costs and the timing for completion of a fixed-price project, the contract for such a project could prove unprofitable or yield a profit margin that is lower than expected. Some fixed-price engagements are subject to long-term contracts that range from three to five years. Estimating future year costs on such long-term engagements is extremely difficult and subject to additional risks. Often our cost estimates and the pricing we offer for outsourcing projects anticipate long-term cost savings resulting from transformational and other initiatives that we expect to implement and benefit from over the term of the outsourcing contract. If we fail to accurately estimate the costs of performing our services or the amount of cost savings that we will experience on long-term contracts, we may underprice our contracts as a result, causing an adverse effect on our profits.

Losses, if any, on fixed-price contracts are recognized when the loss is determined. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-price contracts, including delays caused by factors outside of our control, could make these contracts less profitable or unprofitable and may affect the amount of revenue, profit, and profit margin reported in any period.

Our business could be adversely affected if our clients are not satisfied with our services, and we could face damage to our financial results, professional reputation and/or incur legal liability.

As a professional services firm, we depend largely on our relationships with our clients and our reputation for high quality professional services and integrity to attract and retain clients. In addition, we depend heavily on a limited number of clients. While no specific client accounts for over 10% of our consolidated revenues, our 5 largest clients accounted for approximately 19% of our revenues in 2014. Additionally, many of our engagements involve projects that are critical to the operations of our clients' businesses and many involve the protection of confidential client information. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, or if a data security breach occurs, we could incur additional costs to address the situation, the profitability of that work might be impaired, and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client or other clients. Clients that are not satisfied may also seek to terminate contracts with us prematurely, potentially resulting in additional costs and loss of expected revenues. In addition, negative publicity related to our client relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new contracts with current and prospective clients. If we do not meet our contractual obligations to a client, we could be subject to legal liability. Our contracts typically include provisions to limit our exposure to legal claims relating to our services and the applications we develop; however, these provisions may not protect us, or may not be enforceable under some circumstances or under the laws of some jurisdictions. In addition, we may enter into agreements with little or no liability protection because we perceive an important economic opportunity or because our personnel did not adequately adhere to our guidelines. As a result, we may find ourselves committed to providing services that we are unable to deliver or whose delivery will cause us financial loss. If we cannot or do not fulfill our obligations, we could face legal liability. In addition, if we were to fail to properly deliver on a project, we may not be able to collect any related accounts receivable or could even be required to refund amounts paid by the client.

We rely on third-party companies to perform some of our services to our customers, which if not performed to our standards, could cause significant disruption to our business and harm our reputation.

We have arrangements with third parties to perform certain services for our customers which, if not performed accurately, to our standards, and in accordance with the terms of our agreements with our customers, could result in significant disruptions or costs to us. Often in these circumstances, we are liable to our clients for the performance of these third parties. Should these third parties fail to perform timely or satisfactorily, our clients may terminate their engagements with us or withhold payment under their agreements with us until the services have been completed successfully. In addition, the timing of our revenue recognition may be affected or we may realize lower profits if we incur additional costs due to delays, if we must assign additional personnel to complete the engagement, if we are unable to otherwise provide those services internally, or if we fail to identify a replacement third party in an orderly, cost-effective and timely manner. Unsatisfactory performance by these third parties could negatively impact our relationships with our clients and harm our reputation.

Termination of a contract by a significant client and/or cancellation with short notice could adversely affect our financial condition.

Our clients typically retain us on a non-exclusive, engagement-by-engagement basis through master service agreements (“MSA”). Our MSAs typically do not include any commitment by our clients to give us a specific volume of business or future work. The length of individual projects and engagements can vary greatly. Our objective is to sign multi-year contracts with our clients; however, our contracts generally allow our client to terminate the contract for convenience or to reduce the amount of our services. Clients may generally cancel a contract with short notice, subject in some instances to penalty provisions but in many cases, without significant early termination cost. Termination, reduction, or delay of any given engagement could result from factors unrelated to our work product or the progress of the project, such as factors related to business or financial conditions of the client, changes in client strategies or the domestic or global economy generally. A significant number of terminations, reductions, or delays in engagements in any given period of time could negatively and materially impact our revenues and profitability.

Our results of operations could be adversely affected if the market for IT services and solutions fluctuates or does not continue to grow.

Fluctuations in our customers' needs, changes in our customers' industries, lack of client acceptance, uncertainty of global economic conditions or weakening economic conditions, competing technologies and services or reductions in corporate spending could cause the market for IT services and solutions to grow more slowly or could reduce demand for our services and solutions. For example, economic conditions have impacted some of our customers' operations and technology spending and have caused some of our clients to delay, cancel or scale back their IT projects or IT spending, to seek lower pricing or extended payment terms or otherwise exert pricing pressure on us, to delay payments due to us and, as occurred with several clients, to enter into bankruptcy or liquidation. Reduced demand for IT services has also resulted in reductions in the growth of new business and led to increased price competition for our services and increased the likelihood of entering into contracts that produce lower profit margins, which may materially adversely affect our revenues, results of operations and financial condition.

Our profitability will be adversely impacted if we are unable to maintain our utilization rates and control our costs. Our profitability depends primarily on the prices for our services, our professionals' utilization or billable time and our costs. As a services business, our largest expense is salaries and payroll-related expenses. However, it is our skilled employees that generate our revenues. Balancing our workforce levels against the demands for our services is difficult. Delays or cutbacks in projects or delays in finding new projects could increase the non-productive time of our consultants, which would decrease our utilization levels and our profit margins. We generally cannot reduce our labor costs as quickly as negative changes in revenue may occur. In addition, in a number of the countries in which we operate, the local labor laws make it very expensive to involuntarily terminate employees. As a result, some of our operations may retain underutilized employees for longer periods. To achieve our desired level of profitability, we must maintain our utilization at an appropriate rate. If we are unable to achieve and maintain our target utilization rates, our profitability could be adversely impacted. Further, if labor costs increase, this could put upward pressure on our costs and adversely affect our profitability if we are unable to recover these increased costs by increasing the prices for our services.

If we do not continue to improve our operational, financial and other internal controls and systems to manage our growth and size or if we are unable to enter, operate and compete effectively in new geographic markets, our results of operation may suffer and the value of our business may be harmed.

Our current business and anticipated growth will continue to place significant demands on our management and other resources. Our global operations will require us to continue to develop and improve our operational procedures, financial systems, and other internal controls at our operations and facilities around the world. In particular, our continued growth will increase the challenges involved in:

- recruiting, training and retaining technical, finance, marketing and management personnel with the knowledge, skills and experience that our business model requires;
- maintaining high levels of client satisfaction;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems;
- preserving our culture, values and entrepreneurial environment; and
- effectively managing our personnel and operations and effectively communicating to our personnel worldwide our core values, strategies, and goals.

In addition, the increasing size and scope of our operations increase the possibility that a member of our personnel will engage in unlawful or fraudulent activity, breach our contractual obligations, or otherwise expose us to unacceptable business risks, despite our efforts to train our employees and maintain internal controls to prevent such instances. If we are not successful in developing and implementing the right processes and tools to manage our enterprise, our ability to compete successfully and achieve our business objectives could be impaired.
If we fail to compete effectively in the new markets we enter, or if the cost of entering those markets is substantially greater than we expect, our business, results of operations, and financial condition could be adversely affected.
Our brand and reputation are key assets and competitive advantages of our Company and our business may be affected by how we are perceived in the marketplace.

Our ability to attract and retain customers is affected by external perceptions of our brand and reputation. Reputational damage from negative perceptions or publicity could damage our reputation with customers and employees as well as prospective customers and employees. We may not be successful in detecting, preventing, or negating all changes in or impacts upon our reputation. Negative perceptions or publicity could have a material adverse effect on our business and financial results.

Our future success depends on our ability to continue to retain and attract qualified employees and any inability to do so, or a loss of key employees, could have a material adverse effect on our business.

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Our business involves the delivery of professional services and is highly labor intensive. Our future success depends upon our ability to continue to attract, train, effectively motivate and retain highly-skilled technical, managerial, sales and marketing personnel. Although we invest significant resources in recruiting and retaining employees, there is often considerable competition within the IT services industry for personnel with certain in-demand qualifications, and we may be unable to compete for the most desirable employees.

From time to time, we have trouble locating sufficient numbers of highly-qualified candidates located in our desired geographic locations, with the required specific expertise or at the desired compensation levels. The inability to attract and retain qualified employees in sufficient numbers could have a serious negative effect on us, including our ability to obtain and successfully complete important client engagements and thus, maintain or increase our revenues. Such conditions could also force us to resort to the use of higher-priced subcontractors, which would adversely affect the profitability of the related engagement. In addition, our ability to attract and retain qualified personnel in India will become increasingly important as we implement our plans to expand our Global Solutions Center in India and increase the number of employees working there.

We believe that our future success substantially depends on certain key employees within the company, primarily in the senior management team. Due to the competitive employment nature of our industry, there is a risk that we will not be able to retain these key employees. The loss of one or more key employees could seriously impair our ability to continue to manage and expand our business, which could adversely affect our business and financial results. In addition, uncertainty created by turnover of key employees could result in reduced confidence in our financial performance, which could cause fluctuations in the price of our securities and result in further turnover of our employees.

The IT services industry, in the U.S. and internationally, is highly competitive and continually evolving, and we may not be able to compete effectively in this evolving marketplace.

We operate in a highly competitive industry that includes a large number of diverse participants. We currently compete principally with other IT professional services firms and technology vendors, including a variety of large multinational providers and large offshore service providers that offer some or all of the services that we offer, as well as many niche solution or service providers that compete with us in a specific geographic market, industry segment or service area. Many of the companies that provide services in our industry have significantly greater financial, technical, offshore and marketing resources than we do. In addition, a client may choose to use its own resources rather than to engage an outside firm for the type of services that we provide. We may be unable to compete successfully with current or future competitors, and our revenue and profitability may be adversely affected. Additionally, some of our competitors, particularly those located outside of the U.S. and Western Europe in regions with lower costs of doing business, may be able to provide services and solutions to clients at lower costs or on more attractive terms. Increased competition has, and may continue to, put downward pressure on the prices we can charge for our services. In particular, one key element of our ability to improve our profitability in the face of these trends is our ability to implement and leverage a global workforce, deploying lower-cost resources to provide quality work at higher margins. If we are not able to cost-effectively integrate our global workforce in services delivery, we may not be able to compete effectively, or maintain or improve our profitability.

We rely heavily on relationships with software vendors and the loss of one or more of our significant software vendors could have a material and adverse effect on our business and results of operations.

We have significant relationships with software vendors including SAP, Oracle, Infor, and Microsoft. Our relationships with these companies enable us to acquire customers at reduced costs and to increase win rates by allowing us to leverage our vendors' marketing efforts and benefit from strong vendor endorsements. The loss of one or more of these relationships or endorsements could reduce our revenues, result in increased sales and marketing costs, lead to longer sales cycles, harm our reputation and brand recognition, and adversely affect our results of operations. We cannot predict at this time what the impact of the loss of one or more software vendors would have on our business and results of operations.

We cannot guarantee that we are in compliance with all applicable laws and regulations.

We are required to comply with numerous and constantly changing laws and regulations in jurisdictions around the world. If our compliance efforts prove insufficient or any of our employees fail to comply with, or intentionally disregard, any of our policies or applicable laws or regulations, a range of liabilities could result for the employee and for the Company, including, but not limited to, significant penalties and fines, sanctions or litigation, and the expenses associated with defending and resolving any of the foregoing, any of which could have a material impact on our business, financial condition, and operating results.

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In addition, as a global company, we are subject to U.S. and foreign laws and regulations with respect to corruption, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. Violations of these laws and regulations could result in prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, fines and penalties, criminal sanctions against us, our officers, or our employees, and have a material negative adverse effect on our reputation and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these U.S. and foreign laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, there can be no assurance that our employees or our business partners will not violate our policies.

If we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties, our business could be adversely affected.

Our success depends, in part, upon our ability to protect our proprietary methodologies and other intellectual property. Existing laws of the various countries in which we provide services or solutions offer only limited protection of our intellectual property rights. These laws are subject to change at any time and could further limit our ability to protect our intellectual property. In addition to intellectual property laws in each jurisdiction where we operate, we rely upon a combination of confidentiality policies, nondisclosure agreements, and other contractual arrangements to protect our intellectual property rights. In some jurisdictions where we operate, there is uncertainty concerning the scope of available intellectual property protection for software and business methods, which are fields in which we rely on intellectual property laws to protect our rights. Our efforts to protect intellectual property rights may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees, or other third parties, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money, and oversight, and we may not be successful in enforcing our rights.

Depending on the circumstances, we might need to grant a specific client greater rights in intellectual property developed in connection with a contract than we otherwise generally do. In certain situations, we might forego all rights to the use of intellectual property we create, which would limit our ability to reuse that intellectual property for other clients. Any limitation on our ability to provide a service or solution could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future projects.

Our services or solutions could infringe upon the intellectual property rights of others, or we might lose our ability to utilize rights we claim in intellectual property or the intellectual property of others.

We cannot be sure that our services and solutions, or the third-party software and solutions of others that we offer to our clients, do not infringe on the intellectual property rights of third parties, and we could have infringement claims asserted against us or against our clients. These claims could harm our reputation, cost us money and prevent us from offering some services or solutions. In a number of our contracts, we agree to indemnify our clients for expenses or liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client. Any claims or litigation in this area, whether we ultimately win or lose, could be costly, injure our reputation, or require us to enter into royalty or licensing arrangements. We might not be able to enter into these royalty or licensing arrangements on acceptable terms. If a claim of infringement were successful against us or our clients, an injunction might be ordered against our clients or our own services or operations, causing further damages. We could lose our ability to utilize the intellectual property of others. Third-party suppliers of software, hardware or other intellectual property assets could be acquired or sued, which could disrupt use of their products or services by us and our clients. If our ability to provide services and solutions to our clients is impaired, our operating results could be adversely affected.

In addition, if we are unable to capture the intellectual capital developed by our employees and convert such intellectual capital into reusable and commercially marketable intellectual property, our costs of delivering our services may increase, our development efforts may be duplicated and we may lose the economic advantage of owning and licensing Ciber intellectual property.

If we are unable to collect our receivables, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to successfully obtain payment from our clients for the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We maintain allowances against receivables, but actual losses on client balances could differ from those that we currently anticipate and as a result, we might need to adjust our allowances. There is no guarantee that we will accurately assess the creditworthiness of our clients. In addition, timely collection of client balances depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. Recent global economic conditions and other factors

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resulted in financial difficulties for a number of our clients and, consequently, we experienced a greater amount of bad debt expense and related payments.

If we are unable to meet our contractual requirements, we might experience delays in the collection of, and/or be unable to collect, our client balances and, if this occurs, our results of operations and cash flows could be adversely affected.

Our revenues, operating results, and profitability may vary from quarter to quarter and may result in increased volatility in the price of our stock.

Our quarterly revenues, operating results, and profitability have varied significantly in the past and may continue to do so. Factors that have caused and may continue to cause variations in our revenues, operating results, and profitability include:

- the business decisions of our clients regarding the use of our services;
- the stage of completion of existing projects and/or their termination;
- client satisfaction with our services;
- our clients' financial ability to pay for our services;
- our ability to properly manage and execute client projects, especially those under fixed-price arrangements;
- our ability to properly price fixed-price contracts to provide for adequate profits;
- our ability to maintain our profit margins and manage costs, including those for personnel and support services;
- restructuring costs or charges related to changes in our business operations;
- acquisition and integration costs related to possible acquisitions of other businesses;
- costs related to the discontinued operations of our former Federal division, information technology outsourcing practice, and Russian operations, including possible additional future related costs we may incur;
- costs or charges associated with potential asset sales or dispositions;
- changes in, or the application of changes in, accounting principles or pronouncements under U.S. generally accepted accounting principles;
- changes in significant accounting estimates;
- changes in interest rates on our debts;
- currency exchange rate fluctuations;
- changes in estimates, accruals or payments of variable compensation to our employees; and
- global, regional and local economic and political conditions and related risks.

If we are not able to maintain the rates we charge for our services or an appropriate utilization rate for our consultants, we will not be able to sustain our profit margin and our profitability will suffer. A number of factors affect the rates we charge for our services, including:

- our clients' perception of our ability to add value through our services;
- changes in our pricing policies or those of our competitors;
- the introduction of new products or services by us or by our competitors;
- the use of globally-sourced, lower-cost service delivery capabilities by our competitors and our clients; and
- economic conditions.

Additionally, a number of factors affect our utilization rates, such as:

- seasonality, including number of workdays, holidays and vacations;
- our ability to transition consultants quickly from completed projects to new engagements;
-

- our ability to forecast demand for our services and thereby maintain an appropriately balanced and sized workforce; and
- our ability to manage employee turnover.

Our international operations expose us to additional risks that could have adverse effects on our business and operating results.

Our operations outside of the US represented just over half of our revenues in 2014. Due to our international operations, we are subject to a number of financial and operational risks that may adversely affect our revenue and profitability, including:

- the costs and difficulties related to managing geographically diverse operations;
- differences in, and uncertainties arising from, unfamiliarity or changes in foreign business culture and practices;
- our ability to obtain the necessary visas and work permits for foreign nationals;

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- restrictions on the movement of cash and the repatriation of earnings;
- multiple and possibly overlapping or conflicting laws;
- the costs of complying with a wide variety of local laws;
- operating losses incurred in certain countries and the non-deductibility of those losses for tax purposes; and
- differences in, and uncertainties arising from, changes in legal, labor, political and economic conditions.

The revenues and expenses of our international operations generally are denominated in local currencies. Accordingly, we are subject to exchange rate fluctuations between such local currencies and the U.S. dollar. These exchange rate fluctuations subject us to currency translation risk with respect to the reported results of our international operations. There can be no assurance that we will be able to reduce the currency risks associated with our international operations. We manage our exposure to changes in foreign currency exchange rates through our normal operating and financing activities and, when deemed appropriate, with derivative financial instruments. There is no assurance that we will continue to use such financial instruments in the future or that any such use will be successful in managing or controlling foreign currency risks.

We have experienced and may continue to experience material impacts to revenues and earnings due to fluctuations in foreign currency rates, and in addition, these impacts may cause material fluctuations in our revenues and earnings from period to period. Significant strengthening or weakening of the U.S. dollar against currencies like the Great Britain Pound and the Euro may materially impact our revenue and profits. As we continue to expand our presence in India, we will have increased exposure to fluctuations between the Indian Rupee and the U.S. dollar. In addition, we have transactions with clients, as well as inter-company transactions between our subsidiaries, that cross currencies and expose us to foreign currency gains and losses. These types of events are difficult to predict and may recur.

Our credit facility, an asset-based facility, limits our operational and financial flexibility.

We have an asset-based revolving line of credit of up to $60 million, with the amount available for borrowing at any time determined based on a valuation of our eligible accounts receivable. As of December 31, 2014, we had $11.4 million of borrowings outstanding under our revolving line of credit. Any borrowings we make under our credit facility are secured by liens on substantially all of our assets.

We are dependent on our asset-based revolving credit facility to meet working capital and operational requirements, and access to our asset-based facility is dependent on, among other things, the borrowing base valuation of our eligible accounts receivable and the absence of a default under the credit agreement. The amount available for borrowing under the credit facility could be significantly reduced if there is a reduction in our eligible accounts receivable due to poor economic conditions, operational performance, or other factors. Any loss or material reduction of our ability to access funds under the credit facility could materially and negatively impact our liquidity.

The credit agreement includes, among other provisions, specific limitations on our ability to take certain actions, which include, among others, our ability to incur indebtedness or liens, make investments, issue guarantees, enter into certain mergers, dispositions, acquisitions, liquidations or dissolutions, issue additional securities, pay dividends, make loans and advances, and enter into transactions with affiliates.

A default, if not waived or cured by amendment, could cause our debt to become immediately due and payable and terminate our ability to draw upon the funds under the credit agreement. We may not be able to repay our debt or borrow sufficient funds to refinance it, and even if new financing is available, it may not be on terms acceptable to us. This could materially adversely affect our results of operations and financial condition. Additionally, if we needed to obtain a waiver under, or an amendment to, the credit agreement in the future, or if we seek other financing, if available, our cost of borrowing could increase significantly.

Our operations are vulnerable to disruptions that may impact our results of operations and from which we may not recover.

As a services business, our operations around the world are highly dependent upon our employees, independent contractors, and service providers being able to effectively serve our clients. That ability may be impacted by many types of events that impact the people themselves or limit access to facilities or technology required to perform work. Examples of such events include severe weather, pandemics, natural disasters, infrastructure outages, terrorist attacks, governmental actions, political or economic instability, civil unrest, or the threat or perception that such events might occur. In such circumstances, our business continuity and disaster recovery plans may not be effective. In any such event, our results of operations could be adversely affected. In addition to the risk that we may not be able to serve our clients, we may be unable to protect our employees or facilities from harm. Where we have facilities with concentrations of employees (for instance, in several cities in the US, Europe, and India), our risk of disruption that materially impacts our results of operations may be higher. Insurance, if

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available for a given disruptive event, may be inadequate to compensate for the losses involved. If a disruption continues for an extended period of time, or if a short-term disruption renders a material portion of our operations ineffective for an extended period of time, our business may suffer material and potentially irreparable harm.

Our insurance policies may not fully cover all losses we may incur.

Although we attempt to limit our liability for damages arising from negligent acts, errors or omissions through contractual provisions, the limitations of liability included in our contracts may not fully protect us from liability or damages and may not be enforceable in all instances. In addition, not all of our contracts may limit our exposure for certain liabilities, such as claims of third parties for which we may be required to indemnify our clients. Although we have general liability insurance coverage, this coverage may not continue to be available on terms reasonable to us or in sufficient amounts to cover one or more large claims, and our insurers may disclaim coverage as to any future claim. The successful assertion of one or more large claims against us that are excluded from our insurance coverage or that exceed our available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We might not be successful at identifying, acquiring, or integrating businesses or entering into joint ventures, which could have a material adverse effect on our business and financial results.

In the past, we have made strategic and targeted acquisitions and joint ventures intended to enhance or add to our offerings of services and solutions, or to enable us to expand in certain geographic and other markets. In order to compete in our industry, we anticipate that we may, from time to time, in the future acquire additional businesses or enter into additional joint ventures that we believe would provide a strategic fit with our business. Potential issues associated with acquisitions and joint ventures could include, among other things: our ability to identify suitable acquisitions and joint ventures; our ability to offer potential acquisition targets and joint ventures competitive transaction terms; our ability to complete targeted transactions; our ability to realize the anticipated benefits or cost savings as a result of the acquisition or joint venture; diversion of management's attention; our ability to successfully integrate our businesses with the business of the acquired company; assimilating, motivating, recruiting and retaining key employees; potential significant costs and expenses and charges to earnings; conforming standards, controls, procedures and policies, business cultures and compensation structures among our company and the acquired company; consolidating and streamlining sales, marketing and corporate operations; potential exposure to unknown liabilities of acquired companies; loss of key employees and customers of the acquired business; and managing tax costs or inefficiencies associated with integrating our operations following completion of an acquisition or entry into a joint venture. In addition, by nature, joint ventures involve a lesser degree of control over the operations of the joint venture business, and particularly if we were to enter into such business in a minority position. If an acquisition or joint venture is not successfully completed or integrated into our existing operations, our business and financial results could be materially adversely impacted.

We may require substantial additional capital to support our growth, and this capital may not be available to us on acceptable terms, if at all.

We may require additional capital to support our business growth, including our need to develop new services and products, enhance our operating infrastructure or acquire complementary businesses and technologies. In the event we desire to obtain additional funding, we may not be able to secure additional equity or debt financing on favorable terms, if at all. If we are unable to obtain additional capital on terms acceptable to us when needed, we may not be able to pursue our growth strategy, and our business and operating results could suffer.

We could incur additional losses due to further impairment in the carrying value of our goodwill.

We have recorded a significant amount of goodwill on our consolidated balance sheet as a result of numerous acquisitions. At December 31, 2014, the carrying value of our goodwill was $267.6 million. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. We are required to test goodwill for impairment annually and do so during the second quarter of each year, as well as on an interim basis to the extent that factors or indicators become apparent that could reduce the fair value of any of our reporting units below its book value. Such factors requiring an interim test for goodwill impairment include, but are not limited to, financial performance indicators such as negative or declining cash flows or a decline in actual or planned revenue or earnings and a sustained decrease in share price. Our cash flow estimates involve projections that are inherently subject to change based on future events. A significant downward revision in the fair value of one or more of our business units that causes the carrying value to exceed the fair value could cause goodwill to be considered impaired, and could result in a non-cash impairment charge in our consolidated statement of operations.

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We have recorded several goodwill impairment charges in the past. The forecasts utilized in the discounted cash flow analysis as part of our impairment test assume future revenue and profitability growth in each of our divisions during the next five years and beyond. If our operating divisions cannot obtain, or we determine at a later date that we no longer expect them to obtain the projected levels of profitability, future goodwill impairment tests may also result in an impairment charge. There can be no assurances that our operating divisions will be able to achieve our estimated levels of profitability. We cannot be certain that goodwill impairment will not be required during future periods.

We depend on contracts with various public sector agencies for a significant portion of our revenue and, if the spending policies or budget priorities of these agencies change, we could lose revenue.

In 2014, approximately 12% of our total revenue was from public sector clients, including state, local, and foreign governments and agencies. Such programs can be modified or amended at any time by acts of the governments or agencies involved. Moreover, a number of state and local governments and agencies are suffering from significant budget shortfalls, which may result in curtailment of spending on consulting and technology services. Many contracts with public sector clients contain provisions and are subject to laws and regulations that provide government clients with rights and remedies not typically found in commercial contracts. Among other things, governments may cancel multi-year contracts if funds become unavailable during the term of the engagement. Cancellation or reduction in price or scope could limit our ability to recover incurred costs, reimbursable expenses and profits on work completed prior to the termination. If insufficient funding is appropriated to the government entity to cover termination costs, we may not be able to fully recover our investments.

Unfavorable government audits could require us to adjust previously reported operating results, to forego anticipated revenue and subject us to penalties and sanctions.

Although we sold our Federal division in 2012, we remain responsible for any audits related to certain engagements for the US federal government performed prior to the sale. The various agencies that our Federal division contracted with generally have the right to audit and review past work. As part of that process, the government agency could review our performance on the contract, our pricing practices, our cost structure, and our compliance with applicable laws, regulations, and standards. Any such audit could result in a substantial adjustment to our previously reported operating results. For example, any costs that were originally reimbursed could be subsequently disallowed, one consequence of which could be refunding cash collected in the past.

If a government audit uncovers improper or illegal activities by us, or we otherwise determine that these activities have occurred, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or disqualification from continuing to do business, or bidding on new business, with governments in various jurisdictions.

We have adopted anti-takeover defenses that could make it difficult for another company to acquire control of Ciber or limit the price investors might be willing to pay for our stock, thus affecting the market price of our securities.

We have adopted a Rights Agreement, commonly known as a "poison pill," under which each shareholder of the Company holds one share purchase right, which we refer to as a "Right," for each share of Company common stock held. The Rights become exercisable upon the occurrence of certain events and may make the acquisition of our Company more difficult and expensive. In addition, our certificate of incorporation and bylaws each contain provisions that may make the acquisition of our Company more difficult without the approval of our board of directors, including a provision that gives our board of directors the ability to issue preferred stock and determine the rights and designations of the preferred stock at any time without shareholder approval. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock by our board of directors pursuant to our certificate of incorporation could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of the outstanding voting stock of Ciber.

In addition, the staggered terms of our board of directors could have the effect of delaying or deferring a change in control because it is not possible for shareholders to replace all of the members of the board of directors in a single election. Our board of directors is divided into three classes, with each class serving for three years between elections. As a result, only approximately 1/3 of the board of directors may be replaced at any given regular, annual meeting of the shareholders.

The above factors and certain provisions of the Delaware General Corporation Law may have the effect of deterring hostile takeovers or otherwise delaying or preventing changes in the control or management of Ciber. These provisions could limit the price that investors might be willing to pay in the future for our securities and as a result, the price of our securities

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could decline. In addition, these provisions could prohibit, discourage or adversely affect transactions in which our shareholders might otherwise be offered a premium over the then-current market price for their Ciber securities.

Institutional shareholders hold a significant amount of our common stock and these shareholders may have conflicts of interests with the interests of our other shareholders and may vote their shares in a way that is adverse to the interests of our other shareholders.

Institutional investors own or control approximately 26% of the voting power of our common stock. The interests of these institutional shareholders may differ from our other shareholders in material respects. As an example, these institutional investors may have an interest in our pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their investments in Ciber, even though such transactions might involve risks to other shareholders. These institutional shareholders, or their affiliates may be in the business of making or advising on investments in companies, and may from time to time in the future, acquire interests in, or provide advice to, businesses that directly or indirectly compete with our business or our customers or suppliers. These investors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us, which could materially differ from the interests of our other shareholders.

This concentration of voting power of our common stock may make it difficult for our other shareholders to approve or defeat matters that may be submitted for action by our shareholders, including the election of directors and amendments to our Certificate of Incorporation or Bylaws. This also may have the effect of deterring, delaying, or preventing a change in control of Ciber, even when such a change in control could benefit our other shareholders. These institutional shareholders may have the power to exert significant influence over our affairs in ways that may be adverse to the interests of our other shareholders.

The outcome of litigation in which we are involved is unpredictable and an adverse decision in any such matter could subject us to damage awards and lower the market price of our common stock.

From time to time and in the ordinary course of our business, we are a party to litigation matters such as those described in Part II Item 1, “Legal Proceedings” of this Annual Report on Form 10-K. All such legal proceedings are inherently unpredictable, and the outcome can result in excessive verdicts and/or injunctive relief that may affect how we operate our business or we may enter into settlements of claims for monetary damages. Litigation is costly, time-consuming and disruptive to normal business operations. These and any other future disputes, litigations, investigations, administrative proceedings or enforcement actions we may be involved in may divert management’s time and attention that would otherwise be used to benefit our operations, result in negative publicity and harm our customer or supplier relationships.

Although we intend to contest such matters vigorously, we cannot assure you that their outcome will be favorable to us. An adverse resolution of any such matter in the future, including the results of any amicable settlement, could subject us to material damage awards or settlement payments or otherwise materially harm our business. For some complaints filed against us, we are currently unable to estimate the amount of possible losses that might be incurred should these legal proceedings be resolved against us.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal corporate office is located at 6363 South Fiddler's Green Circle, Suite 1400, Greenwood Village, Colorado 80111, where our corporate headquarters and other Colorado operations occupy office space under a lease that expires in December 2018. Generally, we provide our services at client locations and therefore, our office locations are primarily used for sales and other administrative functions.

At December 31, 2014, we had lease obligations for approximately 517,000 square feet of office space in 50 locations. Approximately 68,000 square feet of these lease obligations was either subleased or available for sublease as of December 31, 2014. We own one piece of property in the United Kingdom that is approximately 11,000 square feet. We believe our facilities are adequate for our current level of operations.

Please see Note 15 of our consolidated financial statements for information on offices that were closed or consolidated as a result of our restructuring activities.

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Item 3. Legal Proceedings

We are subject to various claims and litigation that arise in the ordinary course of business. The litigation process is inherently uncertain. Therefore, the outcome of such matters is not predictable.
As previously reported, we are engaged in legal proceedings in Germany in connection with our acquisition of a controlling interest in Novasoft AG (now known as Ciber AG) in 2004. In August 2006, we completed a buy-out of the remaining minority shareholders of Novasoft. Certain of those former minority shareholders challenged the adequacy of the buy-out consideration by initiating a review by the district court in Mannheim, Germany. The court made a determination in 2013 which is now under appeal by the plaintiffs. Based on information known to us, we have established a reserve that we believe is reasonable. We are unable to predict the outcome of this matter.
As previously reported, a lawsuit titled CamSoft Data Systems, Inc. v. Southern Electronics, et al., was filed initially in October 2009 in Louisiana state court against numerous defendants, including Ciber. The lawsuit was subsequently removed to federal court in the Middle District of Louisiana and the complaint was amended to include additional defendants and causes of action including antitrust claims, civil RICO claims, unfair trade practices, trade secret, fraud, unjust enrichment, and conspiracy claims. The suit involves many of the same parties involved in related litigation in the state court in New Orleans, which was concluded in 2009 when Ciber settled the New Orleans suit with the plaintiffs, Active Solutions and Southern Electronics, who were CamSoft's former alleged joint venturers and are now co-defendants in the current lawsuit. Ciber is vigorously defending the allegations. Proceedings in the federal appellate courts concluded in January 2015 with the matter remanded back to state court. Based on information known to us, we have established a reserve that we believe is reasonable. We are unable to predict the outcome of this litigation.
As previously reported, in February 2012, a purported verified shareholder derivative lawsuit, Seni v. Peterschmidt. et al., was filed in the United States District Court for the District of Colorado against several of our current and former officers and our then-current board of directors. This complaint generally alleged that the various defendants breached their fiduciary duties of good faith, fair dealing, loyalty, due care, reasonable inquiry, oversight, and supervision by approving the issuance of allegedly false statements that misrepresented material information about the finances and operations of the Company. On March 22, 2013, the Court dismissed this complaint with leave to amend. On April 26, 2013, plaintiff filed an amended complaint that largely made the same claims as the original complaint. In February 2014, the Court dismissed the amended complaint with leave to amend. Plaintiff filed a second amended complaint and defendants filed a motion to dismiss the second amended complaint in March 2014. In November 2014, a federal magistrate judge recommended that the defendants' motion to dismiss be granted. The plaintiff did not file any objection. We await the decision of the Court to uphold the magistrate judge's recommendation. We are unable to predict the outcome of this litigation.
In March 2012, a shareholder, Valerie Denny, made a litigation demand on the board of directors to investigate certain allegations and bring suit against the directors and certain current and former executive officers of the Company. In response, the board of directors formed an Independent Committee to investigate the claims. In December 2012, after the Independent Committee completed its investigation, it reported its findings to the board of directors. Based upon the Independent Committee's findings that Denny's claims were without merit, the board of directors formally refused the demand. In February 2014, Denny filed a purported verified shareholder derivative lawsuit, Denny v. Peterschmidt, et al., in Colorado State court, Arapahoe County, against certain current and former officers and directors. This complaint generally made the same allegations as set out in Denny's March 2012 demand. The Complaint alleged that between December 15, 2010, and August 3, 2011, the defendants committed breaches of fiduciary duty that caused losses to Ciber's reputation and goodwill. The defendants were alleged to have breached their fiduciary duties by disseminating inaccurate and incomplete information about Ciber's financial results and business prospects, failing to maintain internal controls, and failing to properly oversee and manage the Company. Denny also made claims of unjust enrichment and insider trading. In March 2014, Defendants filed a motion to stay the action pending resolution of the federal derivative action (Seni v. Peterschmidt), as well as motions to dismiss the action, and an answer to the complaint. In response to those motions, Denny agreed to stay the case. The court therefore issued an order staying the action on March 24, 2014. We intend to vigorously defend against the claims.

We are, however, unable to predict the outcome of this litigation.

Item 4. Mine Safety Disclosures

Not applicable.

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Part II

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

Market Information, Holders and Dividends

Our common stock is listed on the New York Stock Exchange under the symbol "CBR." The table below sets forth, for the periods indicated, the low and high sales price per share of our common stock.

	Price Range	
	Low	High
Fiscal 2013		
First Quarter	3.00	4.99
Second Quarter	3.32	4.98
Third Quarter	3.17	3.95
Fourth Quarter	3.08	4.30
Fiscal 2014		
First Quarter	3.59	4.91
Second Quarter	4.10	5.09
Third Quarter	3.31	5.05
Fourth Quarter	2.84	3.67

On February 9, 2015, the closing price of our common stock on the NYSE was $3.89 and there were 2,407 registered shareholders of record.

Our policy is to retain our earnings to support the growth of our business. Accordingly, we have never paid cash dividends on our common stock. In addition, we are restricted by our credit agreement in the amount of cash dividends that we can pay. The payment of any future dividends will be at the discretion of our board of directors and subject to the credit agreement and will depend upon, among other things, future earnings, operations, capital requirements, our general financial condition and contractual restrictions.

Recent Sales of Unregistered Securities and Use of Proceeds from Registered Securities

None.

Purchases of Equity Securities by the Issuer

The following table sets forth information concerning our repurchases of Ciber common stock for the fourth quarter ended December 31, 2014:

Period	Total number of shares purchased (1)	Average price paid per share
October 1 to October 31	5,879	$3.25
November 1 to November 30	14,757	$3.13
December 1 to December 31	109,463	$3.28
Total: October 1 through December 31	130,099	$3.26

(1) All shares were purchased to satisfy minimum tax withholdings for employee stock plans. No shares were purchased as part of our publicly announced share buy-back plan.

On December 11, 2014, we announced a plan to buyback up to $10 million shares of Ciber stock on the open market. The program has no minimum share repurchase amounts and there is no fixed time period under which any share repurchases must take place. As of December 31, 2014, no shares had been repurchased under this plan.

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Item 6. Selected Financial Data

We have derived the selected consolidated financial data presented below, as adjusted for discontinued operations of our Federal division, a portion of our information technology outsourcing practice, and our Russian operations, from our Consolidated Financial Statements and the related Notes. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related Notes, included under "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

	As of and for the Year Ended December 31,				
	2014 (1)	2013 (1)	2012 (1)	2011 (2)	2010 (2)
	(In thousands, except per share amounts)				
Statement of Operations Data:					
Revenues	$863,607	$877,293	$865,597	$888,386	$872,694
Gross profit	222,666	223,057	223,478	224,299	224,656
Selling, general and administrative expenses	206,040	205,615	202,185	216,867	211,654
Goodwill impairment	—	—	—	16,300	82,000
Restructuring charge	26,232	16,923	7,981	—	—
Operating income (loss) from continuing operations	(9,798)	519	12,668	(10,402)	(72,211)
Net loss from continuing operations	(18,757)	(7,607)	(4,073)	(52,351)	(54,665)
Loss from discontinued operations, net of income tax	(792)	(6,924)	(10,009)	(14,881)	(23,025)
Net loss attributable to Ciber, Inc.	$(19,604)	$(14,520)	$(14,627)	$(67,261)	$(77,160)
Basic and diluted loss per share attributable to Ciber, Inc.:					
Continuing operations	$(0.24)	$(0.10)	$(0.06)	$(0.73)	$(0.78)
Discontinued operations	(0.01)	(0.09)	(0.14)	(0.21)	(0.33)
Basic and diluted loss per share attributable to Ciber, Inc.	$(0.25)	$(0.19)	$(0.20)	$(0.94)	$(1.11)
Weighted Average Shares Outstanding (Basic and Diluted)	77,593	74,846	73,166	71,831	69,626
Balance Sheet Data:					
Working capital	$85,104	$85,928	$105,468	$92,818	$132,364
Total assets	535,283	557,818	580,471	625,070	722,364
Long-term debt, current portion	—	53	6,337	25,571	10,473
Long-term debt, non-current portion	11,402	—	19,790	41,380	77,879
Total shareholders' equity	$326,076	$353,058	$358,953	$357,007	$419,500
Shares outstanding, net of treasury	78,697	75,785	73,779	72,568	70,124

(1) During 2014, 2013 and 2012 we incurred restructuring charges of $26.2 million, $16.9 million and $8.0 million, respectively. Please Refer to Note 15 to our consolidated financial statements for additional information on our restructuring plans.

(2) During the second quarters of 2011 and 2010, we recorded goodwill impairment charges of $16.3 million and $82.0 million, respectively, to write-down the goodwill associated with certain segments in our continuing operations. The goodwill impairment charges in our results from continuing operations resulted in a $4.5 million and a $22.6 million deferred tax benefit in the second quarters of 2011 and 2010, respectively. Additionally, during the second quarter of 2011, we incurred a $29.1 million non-cash charge related to a valuation allowance recorded against our United States deferred tax assets. For more information about the goodwill impairment charges and the deferred tax

asset valuation allowance, please refer to Note 7 and Note 12, respectively.

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and related Notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis also contains forward-looking statements and should also be read in conjunction with the disclosures and information contained in "Disclosure Regarding Forward-Looking Statements" and "Risk Factors" in this Annual Report on Form 10-K. References to "we," "our," "us," "the Company," or "Ciber" in this Annual Report on Form 10-K refer to Ciber, Inc. and its subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year, which ends on December 31.

We use the phrase "in local currency" to indicate that we are comparing certain financial results after removing the impact of foreign currency exchange rate fluctuations, thereby allowing for the comparison of business performance between periods. Financial results that are "in local currency" are calculated by restating current period activity into U.S. dollars using the comparable prior period's foreign currency exchange rates. This approach is used for all results where the functional currency is not the U.S. dollar.

Business and Industry Overview

Ciber is a leading global information technology (“IT”) services company founded in 1974 with 40 years of proven IT experience and a wide range of technology expertise. Ciber has the infrastructure and expertise to deliver IT services on a global scale. Focusing on the client, we take a personalized approach that includes building long-term relationships via the creation of IT solutions for the client, and implementing business strategies that reflect anticipated trends. We are committed to delivering quality solutions precisely configured to our clients' needs and achieving the highest level of customer satisfaction and self-assessed customer delight. Our goal is delivering business value to our clients.

Ciber operates globally, reporting resources in two segments: North America and International. During the second quarter of 2013, we closed down our Russian operations. In 2012 we sold our Federal division and the infrastructure portion of our information technology outsourcing practice. As a result, these businesses are now reported as discontinued operations within our financial statements and accordingly, our financial statements have been reclassified for all periods presented in this Annual Report on Form 10-K to conform to the current presentation. Additionally, discussions throughout this Annual Report on Form 10-K exclude the discontinued operations, unless otherwise noted.

Our reportable operating segments as of December 31, 2014, consisted of International and North America. Our Ciber International segment is organized by country and primarily consists of countries in Western Europe and the Nordic region. The four largest territories are the Netherlands, Germany, the United Kingdom, and Norway. Our North America segment is organized into practices.

We recognize the majority of our services revenue under time-and-material contracts as hours and costs are incurred. Under fixed-price contracts, which currently make up approximately 15-20% of our services revenue, our revenue is fixed under the contract, while our costs to complete our obligations under the contract are variable. As a result, our profitability on fixed-price contracts can vary significantly and occasionally can even be a loss. Changes in our services revenue are primarily a function of hours worked on revenue-generating activities and, to a lesser extent, changes in our average rate per hour and changes in contract mix. Hours worked on revenue-producing activities vary with the number of consultants employed and their utilization level. Utilization represents the percentage of time worked on revenue-producing engagements divided by the standard hours available (i.e., 40 hours per week). With time-and-materials contracts, higher consultant utilization results in increased revenue; however, with fixed-price contracts, it may result in higher costs and lower gross profit margins because our revenue is fixed. We actively manage both our number of consultants and our overall utilization levels. If we determine we have excess available resources that we cannot place on billable assignments in the near future, we consider reducing those resources.

The hourly rate we charge for our services varies based on the level of the consultant involved, the particular expertise of the consultant and the geographic area. Our typical time-and-materials hourly rates range from $20 to $200 per hour. For projects which are fixed-price or level-of-effort, our revenue is not directly based on labor hours incurred and our realized rate per hour will vary significantly depending on success on such projects, as well as the blend of resources used to deliver projects.

Selling, general and administrative ("SG&A") costs as a percentage of revenue vary by business segment. Approximately 60% of our overall SG&A expenses are typically for personnel costs for our operations management, sales and recruiting personnel and administrative staff, as well as our corporate support staff and executive management personnel. These costs are generally not immediately affected by changes in revenue, however management is constantly evaluating such

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costs in relation to changes in business conditions. In many foreign countries, short-term personnel actions are prohibited and/or may require significant payments to such impacted employees. As we bid on larger and longer-term projects, the sales cycle and related sales costs for such opportunities have been increasing.

Other revenue includes sale of third-party software licenses and related support agreements and commissions on sales of IT products. Our sales of software generally involve relationships with the software vendors and are often sold with implementation services. Depending on the mix of these business activities, gross profit margin on other revenue will fluctuate.

Representing approximately half of our consolidated revenues, our International division operates primarily in Western Europe, with our largest operations located in Germany, the Netherlands, the U.K. and Norway. These operations transact business in the local currencies of the countries in which they operate. In recent years, approximately 50% to 60% of our International division's revenue has been denominated in Euros, 15% to 20% has been denominated in Great Britain Pounds ("GBP") and the balance has come from a number of other European currencies. Changes in the exchange rates between these foreign currencies and the U.S. dollar affect the reported amounts of our assets, liabilities, revenues and expenses. For financial reporting purposes, the assets and liabilities of our foreign operations are translated into U.S. dollars at current exchange rates at period end and revenues and expenses are translated at average exchange rates for the period.

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Discontinued Operations

During the second quarter of 2013, we closed down our Russian operations and met the criteria for this business to be reported as a discontinued operation. Accordingly, the operations and cash flows were removed from our consolidated operating results. In connection wit h the substantial liquidation of our Russian investment in the fourth quarter of 2013, we released the related cumulative translation adjustment of approximately $1 million from accumulated other comprehensive income into loss from discontinued operations. In 2012, we sold substantially all of the assets and certain liabilities of our Federal division as well as certain contracts and related property and equipment and certain other assets associated with our information technology outsourcing ("ITO") practice, which have both been previously reported as discontinued operations. In connection with the sale of the Federal division and ITO practice, we retained certain assets and liabilities. Some of these items, including certain possible contingent liabilities, may not be settled for several years. Accordingly, adjustments to such items, as well as administrative expenses associated with these discontinued businesses, are recorded through our results of discontinued operations.

To report the results of discontinued operations, we are required to adjust the reported results of the business sold or shut down, from those previously reported as part of operating income by reporting segment. These adjustments eliminate corporate overhead allocations and adjust for costs of the business that will not be recognized on a going-forward basis. These adjustments have been made for all periods presented.

The following table summarizes the operating results of the discontinued operations included in the Consolidated Statements of Operations.

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Total revenues	$—	$5,424	$90,777
Operating expenses	792	11,177	93,319
Operating loss from discontinued operations	(792)	(5,753)	(2,542)
Interest and other expense	—	1,008	90
Loss from discontinued operations before income taxes	(792)	(6,761)	(2,632)
Income tax expense	—	211	808
Loss from discontinued operations, net of income tax	(792)	(6,972)	(3,440)
Gain (loss) on sale	—	48	(7,256)
Income tax benefit	—	—	(687)
Gain (loss) on sale, net of income taxes	—	48	(6,569)
Total loss from discontinued operations, net of income taxes	$(792)	$(6,924)	$(10,009)

Restructuring

On July 25, 2014, we approved a restructuring plan focused on the implementation of a go-to-market model, realigning the organization and improving our near and offshore delivery mix ("the 2014 Plan"). The 2014 Plan commenced in the third quarter of 2014 and we expect it to be completed in the third quarter of 2015. We expect the 2014 Plan to impact approximately 280 people. We estimate the total amount of the restructuring charges for the 2014 Plan will be approximately $27 million, substantially all of which will be settled in cash. The total estimated restructuring expenses include approximately $20 million related to employee severance and related benefits and approximately $7 million related to professional fees, office closures and other expenses. We expect the 2014 Plan will result in annualized pre-tax net savings from these actions of approximately $18 million that will be fully realized starting in the second half of 2015 and each year thereafter.

On July 30, 2013, we approved a restructuring plan primarily focused on our International operations ("the 2013 Plan"). The goal of the 2013 Plan was to improve utilization, strategically engage our lower-cost off-shore and near-shore resources, and centralize management of administrative functions in key markets to leverage shared services functions. The actions of this plan impacted approximately 250 employees. We have completed all activities associated with the 2013 Plan. The charges associated with the 2013 Plan were substantially all related to personnel severance and related employee benefit costs.

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On November 5, 2012, we approved a company restructuring plan ("the 2012 Plan"). In the third quarter of 2013, all restructuring actions associated with this plan were completed. Although we have completed all activities associated with the 2012 Plan, our lease-related office closure costs are subject to estimate and as such our actual restructuring charges may differ from our current estimates. In the second and fourth quarter of 2014, we incurred additional charges related to adjusting our sublease estimates. Restructuring liabilities for office closures are recorded at estimated fair value, including an estimate of sublease income which is subject to adjustment in future periods if assumptions change.

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Results of Operations — Comparison of the Years Ended December 31, 2014 and 2013 - Consolidated

The following tables and related discussion provide information about our consolidated financial results of continuing operations for the periods presented.

The following table sets forth certain Consolidated Statement of Operations data in dollars and expressed as a percentage of revenue:

	Year Ended December 31,							
	2014				2013			
	(Dollars in thousands)							
Consulting services	$812,660		94.1	%	$830,505		94.7	%
Other revenue	50,947		5.9		46,788		5.3	
Total revenues	$863,607		100.0	%	$877,293		100.0	%
Gross profit - consulting services	$199,936		24.6	%	$203,734		24.5	%
Gross profit - other revenue	22,730		44.6		19,323		41.3	
Gross profit - total	222,666		25.8		223,057		25.4	
SG&A costs	206,040		23.9		205,615		23.4	
Amortization of intangible assets	192		—		—		—	
Restructuring charges	26,232		3.0		16,923		1.9	
Operating income (loss) from continuing operations	(9,798	)	(1.1	)	519		0.1	
Interest expense	(1,639	)	(0.2	)	(2,539	)	(0.3	)
Other income (expense), net	(1,385	)	(0.2	)	841		0.1	
Loss from continuing operations before income taxes	(12,822	)	(1.5	)	(1,179	)	(0.1	)
Income tax expense	5,935		0.7		6,428		0.7	
Net loss from continuing operations	$(18,757	)	(2.2	)%	$(7,607	)	(0.9	)%

Percentage of revenue columns may not foot due to rounding.

Revenue by segment from continuing operations was as follows:

	Year Ended December 31,					
	2014		2013		% change	
	(In thousands)					
International	$441,943		$456,424		(3.2	)%
North America	422,680		423,340		(0.2	)
Other	2,703		3,357		(19.5	)
Inter-segment	(3,719	)	(5,828	)	n/m	
Total revenues	$863,607		$877,293		(1.6	)%

n/m = not meaningful

Revenues. Total revenues decreased $13.7 million, or 1.6%, for 2014 compared with 2013. On a local currency basis, revenue decreased 1.6% between the comparable years. This decrease was attributable to the following:

•

During 2014, International revenues decreased $14.5 million, or 3.2%, overall, and 3.3% in local currency. This decline was primarily a result of decreased revenue in the Netherlands due to an overall increase in employee attrition in the first half of 2014 and a soft revenue pipeline. This decrease was partially offset by solid revenue growth in Germany, which continues to have success in its CMS practice and retail vertical. We also saw growth in Norway.

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- North America revenues decreased $0.7 million in 2014. This decrease is primarily due to reduced revenue in our ADM practice as a result of less billable consultants. This decrease was partially offset by an increase in our Oracle and Infor ISV channels as well as our Business Consulting practice. We continue to see growth in our CMS offerings as well.

Gross Profit. Gross profit margin was 25.8% for the year ended December 31, 2014, up from 25.4% for the same period in 2013. Gross profit margin for our International business improved as a result of cost reduction actions in connection with the 2013 Restructuring Plan, and due to a more disciplined use of subcontractors. North America's gross margin in 2014 was up compared to 2013 due to increased margins in certain ISV channels as well as our Business Consulting practice.

Selling, general and administrative costs. Our SG&A costs increased $0.4 million, or 0.2%, to $206.0 million for 2014, from $205.6 million for 2013. International SG&A costs increased compared to 2013 due to increased labor costs related to strategic initiatives in one of our ISVs as well as our retail vertical. North America SG&A costs were down due to reduced personnel costs, improved cost discipline, and lower facilities expense. Our corporate SG&A costs increased mainly as a result of increased management salaries related to new global leaders joining Ciber, as well as costs related to our management transition in the second quarter of 2014 and increased IT costs. SG&A costs as a percentage of revenue were 23.9% in 2014, up from 23.4% in 2013.

Operating income. We had an operating loss from continuing operations of $9.8 million in 2014 compared to operating income of $0.5 million in 2013. This overall decline was mainly a result of increased restructuring charges in 2014.

Operating income from continuing operations by segment was as follows:

	Year Ended December 31,		%	2014 % of	2013 % of
	2014	2013	change	revenue*	revenue*
	(In thousands)				
International	$19,361	$23,390	(17.2)%	4.4 %	5.1 %
North America	38,972	33,511	16.3	9.2	7.9
Other	192	315	(39.0)	7.1	9.4
Corporate expenses	(41,899)	(39,774)	(5.3)	(4.9)	(4.5)
Operating income before amortization and restructuring	16,626	17,442	(4.7)	1.9	2.0
Amortization of intangible assets	(192)	—	n/m	—	—
Restructuring charges	(26,232)	(16,923)	(55.0)	(3.0)	(1.9)
Total operating income (loss) from continuing operations	$(9,798)	$519	(1,987.9)%	(1.1)%	0.1 %

n/m = not meaningful

*International, North America and Other calculated as a % of their respective revenue, all other calculated as a % of total revenue. Column may not total due to rounding.

- International operating income decreased to $19.4 million from $23.4 million in 2013. This is primarily due to lower revenue in the Netherlands as well as higher SG&A costs which were a result of increased labor costs. However, International did have an improved gross margin in 2014, which was partially a result of our 2013 Restructuring Plan.

- North America operating income increased to $39.0 million in 2014 from $33.5 million in 2013. The increase was mostly due to a reduction in SG&A expenses, specifically relating to reduced personnel costs, improved cost discipline and lower facilities expenses. North America operating income also benefited in 2014 from an increase in gross profit from certain ISV channel and as well as their business consulting practice.

- Corporate expenses increased $2.1 million primarily due to increased management salaries related to new global leaders joining Ciber, as well as costs related to our management transition in the second quarter of 2014.

Interest expense. Interest expense decreased $0.9 million during 2014 compared to 2013 due to a significant reduction in our average borrowings on our ABL facility.

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Other income (expense), net. Other expense, net was $1.4 million in 2014 compared to other income, net of $0.8 million in 2013. This change was mostly due to foreign exchange gains and losses.

Income taxes. Our tax expense is significantly impacted by the changes in the amount and the geographic mix of our income and loss. From continuing operations, our income (loss) before income taxes and our income tax expense is as follows:

	Year Ended December 31, 2014	2013
	(In thousands)	
Income (loss) before income taxes:		
United States	$(1,600)	$(3,487)
Foreign	(11,222)	2,308
Total	$(12,822)	$(1,179)
Income tax expense:		
United States	$3,956	$3,581
Foreign	1,979	2,847
Total	$5,935	$6,428

Due to our history of domestic losses, we have a full valuation allowance for all net U.S. deferred tax assets, including our net operating loss and tax credit carryforwards. As a result, we cannot record any tax benefits for additional U.S. incurred losses and any U.S. income is offset by a reduction in valuation allowance. Irrespective of our income or loss levels, we continue to record deferred U.S. tax expense related to tax-basis goodwill amortization. We recorded approximately $4 million of related U.S. deferred tax expense in 2014 and expect to record approximately $2.7 million 2015.

The effective rate on our foreign tax expense varies with the mix of income and losses across multiple tax jurisdictions with most statutory tax rates varying from 21% to 34% in 2014. The foreign tax expense was higher than the normal effective rate as the result of establishing a valuation allowance against the deferred tax assets and current year losses of our operations in the Netherlands and the recognition of reserves for certain tax exposure items. In addition, the difference between the effective tax rate and statutory tax rates resulted from losses in jurisdictions where we received no tax benefit due to a valuation allowance.

For interim periods, we base our tax provision on forecasted book and taxable income for the entire year. As the forecast for the year changes, we adjust our year-to-date tax provision. Our provision for income taxes is based on many factors and is subject to significant volatility from year to year.

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Results of Operations — Comparison of the Years Ended December 31, 2013 and 2012 - Consolidated

The following tables and related discussion provide information about our consolidated financial results of continuing operations for the periods presented.

The following table sets forth certain Consolidated Statement of Operations data in dollars and expressed as a percentage of revenue:

	Year Ended December 31,				
	2013			2012		
	(Dollars in thousands)				
Consulting services	$830,505	94.7	%	$819,848	94.7	%
Other revenue	46,788	5.3		45,749	5.3	
Total revenues	$877,293	100.0	%	$865,597	100.0	%
Gross profit - consulting services	$203,734	24.5	%	$204,354	24.9	%
Gross profit - other revenue	19,323	41.3		19,124	41.8	
Gross profit - total	223,057	25.4		223,478	25.8	
SG&A costs	205,615	23.4		202,185	23.4	
Amortization of intangible assets	—	—		644	0.1	
Restructuring charges	16,923	1.9		7,981	0.9	
Operating income from continuing operations	519	0.1		12,668	1.5	
Interest expense	(2,539)	(0.3)		(5,976)	(0.7)	
Other income, net	841	0.1		259	—	
Income (loss) from continuing operations before income taxes	(1,179)	(0.1)		6,951	0.8	
Income tax expense	6,428	0.7		11,024	1.3	
Net loss from continuing operations	$(7,607)	(0.9)	%	$(4,073)	(0.5)	%

Percentage of revenue columns may not foot due to rounding.

Revenue by segment from continuing operations was as follows:

	Year Ended December 31,		
	2013	2012	% change
	(In thousands)		
International	$456,424	$434,193	5.1 %
North America	423,340	432,832	(2.2)
Other	3,357	3,109	8.0
Inter-segment	(5,828)	(4,537)	n/m
Total revenues	$877,293	$865,597	1.4 %

n/m = not meaningful

Revenues. Total revenues increased $11.7 million, or 1.4%, for 2013 compared with 2012. In local currency, revenue increased 0.4% between the comparable years. This change is attributable to the following:

- During 2013, international segment revenues increased 5.1% overall, but improved approximately 3.2% in local currency. Overall, growth was significantly impacted by foreign exchange rates. On a local currency basis, revenue growth was led by the United Kingdom, Germany and Norway, as well as a couple of our smaller territories, all of which experienced accelerated growth in the second half of 2013. The increase in revenue in these countries was due to significant new clients in 2013, as well as some additional work at existing clients, specifically within our CMS practice. This growth was slightly offset by declines in revenue in the Netherlands, due to a weak IT services market.

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- North America revenues decreased $9.5 million or 2.2% during 2013 compared to 2012, as reductions in work levels at some existing clients, especially in our ADM practice, more than offset growth in other existing clients, as well as new clients. While our ADM practice declined in 2013, we experienced some growth in our Business Consulting practice and certain ISV channels, both of which benefited from several new clients, as well as growth at existing clients in 2013. Our CMS business continued to grow in 2013, which is partially a result of our ISV successes.

Gross Profit. Gross profit margin was 25.4% for the year ended December 31, 2013, compared to 25.8% for 2012. Gross profit margin for our International business declined slightly as savings from our restructuring plans were more than offset by an increased use of subcontractors and a decline in utilization. North America gross margin was also down slightly in 2013 compared to 2012. This decrease was a result of margin compression at some of our larger clients, which was partially due to pricing pressure in our ADM business.

Selling, general and administrative costs. Our SG&A costs increased $3.4 million, or 1.7%, to $205.6 million for 2013, from $202.2 million for 2012. International SG&A costs increased compared to 2012 due to the effects of changes in foreign currency exchange rates, increased labor costs, and an increase in bad debt. North America SG&A costs were down due to reduced compensation costs and lower office rental expense, which was a result of the closure of offices under our 2012 restructuring plan. See Note 15 to our consolidated financial statements for more information on our restructuring plans. Our corporate SG&A costs increased as a result of higher share-based compensation expense as well as increased management compensation costs compared with 2012. $2.6 million of these corporate cost increases are a result of our CFO transition in September 2013. SG&A costs as a percentage of revenue was 23.4% for both 2013 and 2012.

Operating income (loss). We had operating income from continuing operations of $0.5 million in 2013 compared to $12.7 million in 2012. This decrease was primarily a result of increased restructuring charges in 2013 compared to 2012 and the increased corporate SG&A costs discussed above. For more information on our restructuring changes, see Note 15 of our consolidated financial statements.

Operating income from continuing operations by segment was as follows:

	Year Ended December 31,		%	2013 % of	2012 % of
	2013	2012	change	revenue*	revenue*
	(In thousands)				
International	$23,390	$23,245	0.6%	5.1 %	5.4 %
North America	33,511	30,169	11.1	7.9	7.0
Other	315	446	(29.4)	9.4	14.3
Corporate expenses	(39,774)	(32,005)	(24.3)	(4.5)	(3.7)
Unallocated results of discontinued operations	—	(562)	n/m	—	(0.1)
Operating income from continuing operations before amortization and restructuring	17,442	21,293	(18.1)	2.0	2.5
Amortization of intangible assets	—	(644)	100.0	—	(0.1)
Restructuring charges	(16,923)	(7,981)	(112.0)	(1.9)	(0.9)
Total operating income from continuing operations	$519	$12,668	(95.9)%	0.1 %	1.5 %

*Segments calculated as a % of segment revenue, all other calculated as a % of total revenue

- International operating income increased slightly to $23.4 million in 2013 compared to $23.2 million in 2012. This increase is primarily due to improved revenues, mostly in the second half of the year, which were offset by gross margin reduction from the increased use of subcontractors and increased SG&A costs.

- North America operating income increased to $33.5 million in 2013 from $30.2 million in 2012. The increase was due to a reduction in SG&A expenses, specifically reduced compensation costs and restructuring-related reductions in office rental expenses. However, these improvements were somewhat offset by lower revenues at existing ADM clients and margin compression.

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- Corporate expenses increased $7.8 million primarily due to higher stock compensation costs and increased management compensation expense. Our CFO transition in September 2013 contributed to $2.6 million of this increase.

Interest expense. Interest expense decreased $3.4 million during 2013 compared to 2012. This decrease is primarily due to a significant reduction in our average borrowings outstanding, a lower interest rate on our credit facility entered into in May 2012, and the write-off of $1.1 million of capitalized debt fees that were written off in the second quarter of 2012.

Other income, net. Other income, net was $0.8 million in 2013, compared to $0.3 million in 2012. This increase was due to an increase in interest income as well as foreign exchange gains and losses.

Income taxes. Our tax expense is significantly impacted by the changes in the amount and the geographic mix of our income and loss. From continuing operations, our income (loss) before income taxes and our income tax expense is as follows:

	Year Ended December 31,	
	2013	2012
	(In thousands)	
Income (loss) before income taxes:		
United States	$ (3,487)	$ (5,058)
Foreign	2,308	12,009
Total	$ (1,179)	$ 6,951
Income tax expense:		
United States	$ 3,581	$ 5,491
Foreign	2,847	5,533
Total	$ 6,428	$ 11,024

Due to our history of domestic losses, in 2011 we recorded a full valuation allowance for all net U.S. deferred tax assets, including our net operating loss and tax credit carryforwards. As a result, we cannot record any tax benefits for additional U.S. incurred losses and any U.S. income is offset by a reduction in valuation allowance. Irrespective of our income or loss levels, we continue to record deferred U.S. tax expense related to goodwill amortization and we recorded approximately $4.6 million of related U.S. deferred tax expense in 2013.

The effective rate on our foreign tax expense varies with the mix of income and losses across multiple tax jurisdictions with most statutory tax rates varying from 23% to 33% in 2013. The reduction of foreign pre-tax income from continuing operations from 2012 to 2013 is related to an overall decrease in profitability of the business, including the impact of restructuring costs, and the implementation of new transfer pricing practices. The foreign tax expense in 2013 is primarily a result of the mix of income and losses across jurisdictions including losses in certain countries for which no tax benefit can be recorded due to full valuation allowances and provisions for uncertain tax provisions.

For interim periods, we base our tax provision on forecasted book and taxable income for the entire year. As the forecast for the year changes, we adjust our year-to-date tax provision. Our provision for income taxes is based on many factors and is subject to significant volatility from year to year.

Liquidity and Capital Resources

At December 31, 2014, we had $85.1 million in working capital, which represented a slight decrease from $85.9 million at December 31, 2013. Our current ratio was 1.5:1 at both December 31, 2014 and December 31, 2013. Our primary sources of liquidity are cash flows from operations, available cash reserves, and debt capacity under our credit facility. In addition, we may seek to raise additional funds through public or private debt or equity financings, if required, though we make no assumptions that we could raise additional capital on acceptable terms, or at all. We believe that our cash and cash equivalents, our expected operating cash flow, and our available credit agreement will be sufficient to finance our working capital needs through at least the next year.

Our balance of cash and cash equivalents was $45.9 million at December 31, 2014, compared to $44.5 million at December 31, 2013. Our domestic cash balances are used daily to reduce our outstanding balance on our outstanding borrowings. Typically, most of our cash balance is maintained by our foreign subsidiaries. From time to time, we may engage in short-term loans from our foreign operations. Our credit agreement also provides for foreign borrowings if needed. If future events, including material changes in estimates of cash, working capital and long-term investment requirements, necessitate that the undistributed earnings of our foreign subsidiaries be distributed, an additional provision for income taxes may apply, which could materially affect our future tax expense. The majority of our cash balance at December 31, 2014 and 2013 was held by our foreign subsidiaries.

Related to the execution of our 2012 restructuring plan, we had cash outlays of approximately $3.5 million during 2014. In the third quarter of 2013, all restructuring actions associated with this plan were completed. However, in the second and fourth quarter of 2014, we incurred additional charges related to adjusting our sublease estimate. Total cash outlays associated with the plan will be approximately $13 million, $12 million of which has been paid to date.

We had cash outlays of approximately $6.7 million during 2014, related to the 2013 restructuring plan. Total cash outlays for the 2013 Plan were $13 million, all of which has been paid to date.

We had cash outlays of approximately $7.5 million during 2014, related to the 2014 restructuring plan, and we estimate total cash outlays of approximately $26 million.

Cash flows from operating, investing and financing activities, as reflected in our Consolidated Statements of Cash Flows, are summarized as follows:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Net cash provided by (used in) continuing operations:			
Operating activities	$1,952	$25,215	$1,153
Investing activities	(9,023)	(5,213)	(3,243)
Financing activities	12,584	(29,933)	(42,956)
Net cash provided by (used in) continuing operations	5,513	(9,931)	(45,046)
Net cash provided by (used in) discontinued operations:			
Operating activities	(766)	(1,273)	(2,830)
Investing activities	—	(313)	37,754
Net cash provided by (used in) discontinued operations	(766)	(1,586)	34,924
Effect of foreign exchange rates on cash	(3,372)	(2,849)	3,404
Net increase (decrease) in cash and cash equivalents	$1,375	$(14,366)	$(6,718)

Operating activities. Cash provided by operating activities from continuing operations was $2.0 million in 2014, compared with $25.2 million and $1.2 million in 2013 and 2012, respectively. An increase in our net loss, as well as changes in normal short-term working capital items primarily contributed to the overall decrease in cash from operations during 2014 as compared to 2013. While in 2013, changes in normal short-term working capital items, particularly accounts receivable, primarily contributed to the overall increase in cash from operations compared to 2012. Our working capital fluctuates significantly due to changes in accounts receivable (discussed below), as well as due to the timing of our domestic payroll and accounts payable processing cycles with regard to month-end dates and other seasonal factors. In 2014, we also paid $17.7 million for restructuring-related costs, which was comprised of severance and real estate-related costs in both our North America and International segments. In 2013, our cash restructuring payments were $12.3 million and related to severance expenses in our International, North America and corporate segments, and real estate costs primarily in North America. During 2014 and 2013, our domestic operations provided (used) ($4.5 million) and $23.0 million, respectively, of cash from continuing operations while our International operations provided $6.4 million and $2.2 million, respectively during the same time periods. Typically, the seasonality of our business in many European countries results in negative cash from operations in the early part of the year with improvements in the second half of the year. Cash flow from European operations are typically maximized in the fourth quarter.

Changes in accounts receivable have a significant impact on our cash flow. Items that can affect our cash flow accounts receivable include: contractual payment terms, client payment patterns (including approval or processing delays and cash management), client mix (public vs. private), fluctuations in the level of IT product sales and the effectiveness of our collection efforts. Many of the individual reasons are outside of our control and, as a result, it is normal for our cash flow from accounts receivable to fluctuate from period to period, affecting our liquidity.

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Total accounts receivable decreased to $173.5 million at December 31, 2014, from $189.4 million at December 31, 2013. At December 31, 2014, our total unbilled accounts receivable for costs and earnings in excess of billings totaled $20.0 million, which was an increase of $11.3 million from the prior year. Total accounts receivable day's sales outstanding ("DSO") was 57 days at December 31, 2014, compared to 59 days at December 31, 2013, a decrease of 2 days. During 2014, we experienced decreased DSO domestically and in our International segment as both segments experienced improved collection efficiency in 2014 compared to 2013. This collection improvement was partially offset by an increase in unbilled receivables on fixed-price projects at year end.

Accrued compensation and related liabilities fluctuate from period to period based on the timing of our normal bi-weekly U.S. payroll cycle and the timing of variable compensation payments. Bonuses are typically accrued throughout the year, and paid either quarterly or annually, based on the applicable bonus program associated with an employee's role and country in which he or she works. As such, bonus accruals can fluctuate from quarter to quarter. Accounts payable and other accrued liabilities typically fluctuate based on when we receive actual vendor invoices and when they are paid. The largest of such items typically relates to vendor payments for IT hardware and software products that we resell and payments to services-related subcontractors.

Investing activities. Investing activities are primarily comprised of purchases of property and equipment and cash paid for acquisitions. Spending on property and equipment was $8.2 million during 2014, compared with $5.2 million in 2013 and $3.2 million in 2012. Generally, our capital spending is primarily for technology equipment and software and to support our global employee base, as well as our management and corporate support infrastructure, and for investment in our domestic and off-shore delivery centers. Such investments will fluctuate from period to period. Investing activities from discontinued operations for 2012 consisted primarily of net proceeds totaling $33.6 million from the sale of our Federal division and $4.5 million from the sale of a portion of our information technology outsourcing practice. On December 11, 2014, we announced a plan to buyback up to $10 million shares of Ciber stock on the open market. The program has no minimum share repurchase amounts and there is no fixed time period under which any share repurchases must take place. As of December 31, 2014, no shares had been repurchased under this plan.

Financing activities. Typically, our most significant financing activities consist of the borrowings and payments under our ABL Facility. This primarily fluctuates based on cash provided by, or used in, our domestic operations during the period as the ABL Facility is utilized for U.S. working capital fluctuations. During 2014, we had net borrowings on our long-term debt of $11.8 million compared to net payments of $26.2 million and $40.1 million (primarily from the repatriation of $30 million of foreign cash to the U.S. in January 2012 and the sale of our Federal Division in March 2012), in 2013 and 2012, respectively. Additionally, in 2014 and 2013 we incurred no debt fees, compared to $3.4 million in 2012. In 2014 and 2013, Ciber repurchased shares to satisfy minimum tax withholdings for employee stock plans. We had net cash inflows of $1.5 million and $0.6 million in 2014 and 2013, respectively, for proceeds from employee stock plans, net of the repurchases of shares for minimum employee tax withholding. In 2012 we reflected a cash inflow of $1.3 million for proceeds from employee stock plans. Associated with our 2010 acquisition of Segmenta A/S, during the second quarter of 2013 we paid $7.1 million of contingent consideration, of which $3.4 million is classified as a financing cash flow and $3.7 million is classified in operating activities. (See Note 3 to our Consolidated Financial Statements for more information.) In the fourth quarters of 2014 and 2013 we paid $0.7 million and $0.8 million, respectively, for payments on the purchase of the noncontrolling interest of one of our foreign subsidiaries. (See Note 1 to our Consolidated Financial Statements for more information.)

Credit Agreement. We have an asset-based revolving line of credit of up to $60 million (the “ABL Facility”) with Wells Fargo Bank, N.A. The maximum amount available for borrowing at any time under such line of credit is determined according to a borrowing base valuation of eligible account receivables, which was $48.6 million at December 31, 2014. The ABL Facility provides for borrowings in the United States, the Netherlands, the United

Kingdom and Germany and matures on May 7, 2017. As of December 31, 2014, we had $11.4 million outstanding under the ABL Facility. We expect our borrowings to fluctuate based on our working capital needs. Our obligations under the ABL Facility are guaranteed by us and are secured by substantially all of our U.S., Netherlands, United Kingdom, and German assets. There are no specific financial covenants required under the ABL Facility at December 31, 2014.

Under the ABL Facility, U.S. borrowings accrue interest at a rate of the London interbank offered rate ("LIBOR") plus a margin ranging from 225 to 275 basis points, or, at our option, a base rate equal to the greatest of (a) the Federal Funds Rate plus 0.50%, (b) LIBOR plus 1%, and (c) the "prime rate" set by Wells Fargo plus a margin ranging from 125 to 175 basis points. All foreign borrowings accrue interest at a rate of LIBOR plus a margin ranging from 225 to 275 basis points, plus certain fees related to compliance with European banking regulations. The interest rates applicable to borrowings under the Credit Agreement are subject to increase during an event of default. We are also required to pay an unused line fee ranging

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from 0.375% to 0.50% annually on the unused portion of the ABL Facility. During the year ended December 31, 2014, our weighted average interest rate on our outstanding borrowings under the ABL Facility was 4.05%.

The ABL Facility can be prepaid in whole or in part at any time. The ABL Facility must be repaid to the extent that any borrowings exceed the maximum availability allowed under the ABL Facility. The ABL Facility also includes a number of business covenants, including customary limitations on, among other things, indebtedness, liens, investments, guarantees, mergers, dispositions, acquisitions, liquidations, dissolutions, issuances of securities, payments of dividends, loans and advances, and transactions with affiliates. We were in compliance with all such covenants at December 31, 2014.

We are required to be in compliance with a minimum trailing 12-month fixed charge coverage ratio if (i) an event of default has occurred and is continuing, (ii) less than 25% of the ABL Facility is available for borrowing, or (iii) less than $15 million is available for borrowing under the ABL Facility. We must then continue to comply with the minimum trailing 12-month fixed charge coverage ratio until (1) no event of default is continuing and (2) at least 25% of the ABL Facility and a minimum of $15 million have been available for borrowing under the ABL Facility for 30 consecutive days. None of the above scenarios were applicable during 2014 and as such we were not required to comply with the minimum trailing 12-month fixed charge coverage ratio.

Wells Fargo will take dominion over our U.S. cash and cash receipts and will automatically apply such amounts to the ABL Facility on a daily basis if (i) an event of default has occurred and is continuing, (ii) less than 30% of the ABL Facility or less than $18 million is available for borrowing under the ABL Facility for five consecutive days, or (iii) less than 25% of the ABL Facility or less than $15 million is available for borrowing under the ABL Facility at any time. Wells Fargo will continue to exercise dominion over our U.S. cash and cash receipts until (1) no event of default is continuing and (2) at least 30% of the ABL Facility and a minimum of $18 million have been available for borrowing under the ABL Facility for 30 consecutive days. In addition, at all times during the term of the ABL Facility, Wells Fargo will have dominion over the cash of the United Kingdom, Dutch, and German borrowers when a balance is outstanding to those entities and will automatically apply such amounts to the ABL Facility on a daily basis. As a result, if we have any outstanding borrowings that are subject to the bank's dominion, such amounts will be classified as a current liability on our balance sheet. At December 31, 2014, we had no foreign borrowings that were subject to the bank's dominion.

The ABL Facility generally contains customary events of default for credit facilities of this type, including nonpayment, material inaccuracy of representations and warranties, violation of covenants, default of certain other agreements or indebtedness, bankruptcy, material judgments, invalidity of the Credit Agreement or related agreements, and a change of control.

Should it be necessary, we believe that sources of credit or financing other than our ABL Facility would be available to us; however, we cannot predict, at this time, what types of credit or financing would be available in the future, the costs of such credit or financing, or the terms of any amended or new facilities.

The carrying value of the outstanding borrowings under the ABL Facility approximates its fair value as (1) it is based on a variable rate that changes based on market conditions and (2) the margin applied to the variable rate is based on our credit risk, which has not changed since entering into the facility in May 2012. If our credit risk were to change, we would estimate the fair value of our borrowings using discounted cash flow analysis based on current rates obtained from the lender for similar types of debt. The inputs used to establish the fair value of the ABL Facility are considered to be Level 2 inputs, which include inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Off-Balance Sheet Arrangements

We do not have any reportable off-balance sheet arrangements.

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Contractual Obligations

The contractual obligations presented in the table below represent our estimates of future payments under fixed contractual obligations and commitments. Changes in our business needs, cancellation provisions, changing interest rates and other factors may result in actual payments differing from these estimates. We cannot provide certainty regarding the timing and amounts of payments.

The following table is a summary of our contractual obligations as of December 31, 2014:

	Payments due by period				
	Total	2015	2016-2017	2018-2019	Thereafter
	(In thousands)				
Principal payments on long-term debt	$11,402	$—	$11,402	$—	$—
Operating leases (1)	65,462	19,434	29,247	13,797	2,984
Other commitments (2)	17,756	12,681	5,035	40	—
Total	$94,620	$32,115	$45,684	$13,837	$2,984

(1) Includes operating leases for all office locations, automobiles and office equipment.
(2) Other commitments include, among other things, information technology, software support and maintenance obligations, as well as other obligations in the ordinary course of business that we cannot cancel or where we would be required to pay a termination fee in the event of cancellation. It also includes our 2015 payment related to the purchase of the noncontrolling interests of one of our foreign subsidiaries. (See Note 1 to our Consolidated Financial Statements for more information on this purchase). It does not include our remaining unrecognized tax benefits of $14.9 million because we are unable to make a reasonably reliable estimate as to when a cash settlement, if any, with the appropriate taxing authority may occur.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the periods presented. We continually evaluate our estimates, judgments and assumptions based on available information and experience. We believe that our estimates, judgments and assumptions are reasonable based on information available to us at the time they are made. To the extent there are differences between our estimates, judgments and assumptions and actual results, our financial statements will be affected. Such differences may be material to our financial statements. The accounting policies that reflect our more significant estimates, judgments and assumptions are described below.

Revenue recognition — Ciber earns revenue primarily from providing IT services to its clients, and to a much lesser extent, from the sale and resale of IT hardware and software products. Ciber's consulting services revenue comes from three primary sources: (1) technology integration services where we design, build and implement new or enhanced system applications and related processes; (2) general IT consulting services, such as system selection or assessment, feasibility studies, training and staffing; and (3) outsourcing and managed IT services in which we manage, staff, maintain, host or otherwise run solutions and/or systems for our customers. Contracts for these services have different terms based on the scope, deliverables and complexity of the engagement, which requires management to make judgments and estimates in recognizing revenue. Fees for these contracts may be in the form of time-and-materials or fixed-price billings. Approximately 70-80% of our consulting services revenue is recognized under time-and-materials contracts as hours and costs are incurred. Consulting services revenue also includes project-related reimbursable expenses for travel and other out-of-pocket expenses separately billed to clients.

Revenue for technology integration consulting services where we design/redesign, build and implement new or enhanced systems applications and related processes for our clients is generally recognized based on the percentage-of-completion method. Under the percentage-of-completion method, management estimates the percentage of completion based upon the contract costs incurred to date as a percentage of the total estimated contract costs. If the total cost estimate exceeds revenue, we accrue for the estimated loss immediately. The use of the percentage-of-completion method requires significant judgment relative to estimating total contract revenue and costs, including assumptions as to the length of time to complete the project, the nature and complexity of the work to be performed and anticipated changes in estimated costs. Estimates of total contract costs are continuously monitored during the term of the contract and recorded revenues and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income and are reflected in the consolidated financial statements in the periods in which they are first identified.

Revenue for general IT consulting services is recognized as work is performed and amounts are earned. We consider amounts to be earned once evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable

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and collectability is reasonably assured. For contracts with fees based on time-and-materials or cost-plus, we recognize revenue over the period of performance. For fixed-price contracts, depending on the specific contractual provisions and nature of the deliverables, revenue may be recognized on a proportional performance model based on level-of-effort, as milestones are achieved or when final deliverables have been provided.

Outsourcing and managed IT services arrangements typically span several years. Revenue from time-and-materials contracts is recognized as the services are performed. Revenue from unit-priced contracts is recognized as transactions are processed based on objective measures of output. Revenue from fixed-price contracts is recognized on a straight-line basis, unless revenues are earned and obligations are fulfilled in a different pattern. Costs related to delivering outsourcing and managed services are expensed as incurred, with the exception of labor and other direct costs related to the set-up of processes, personnel and systems, which are deferred during the transition period and expensed evenly over the period services are provided. Amounts billable to the client for transition or set-up activities, which do not have standalone value, are also deferred and recognized as revenue ratably over the period that the managed services are provided.

We sometimes enter into arrangements (excluding software license arrangements) with customers that purchase multiple services, or a combination of services and IT hardware products, from us at the same time, referred to as multiple-element arrangements. Each element within a multiple-element arrangement is accounted for as a separate unit of accounting provided that the delivered services or products have value to the customer on a standalone basis. We consider a deliverable element to have standalone value if the service or product is sold separately by us or another vendor or could be resold by the customer. For our multiple-element arrangements, the arrangement consideration is allocated at the inception of the arrangement to all deliverable elements on the basis of their relative selling price (the relative selling price method). When applying the relative selling price method, the selling price for each deliverable is determined using vendor-specific objective evidence ("VSOE") of selling price if it exists; otherwise, third-party evidence ("TPE") of selling price is used. If neither VSOE nor TPE of selling price exists for a deliverable, then we use our best estimate of the selling price ("ESP") for that deliverable when applying the relative selling price method. Since our services are typically customized to each client's specific needs, VSOE and TPE are generally not available. We determine ESP for purposes of allocating the arrangement by considering several external and internal factors including, but not limited to, pricing practices, margin objectives, competition, geographies in which we offer our products and services, and internal costs. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional services or products.

Other revenue primarily includes resale of third-party IT hardware and software products, commissions on sales of IT products and, to a lesser extent, sales of proprietary software products. Revenue related to the sale of IT products is generally recognized when the products are shipped or if applicable, when delivered and installed in accordance with the terms of the sale. Where we are the re-marketer of certain IT products, commission revenue is recognized when the products are drop-shipped from the vendor to the customer. Our commission revenue represents the sales price to the customer less the cost paid to the vendor. Some software license arrangements also include implementation services and/or post-contract customer support. In such multi-element software arrangements, if the criteria are met, revenue is recognized when VSOE of the fair value of each undelivered element has been established. Generally our license arrangements containing multiple elements do not qualify for separate accounting for the implementation services and the software license revenue and the related costs of third-party software products are generally recognized together with the software implementation services using the percentage-of-completion method. Revenue for software post-contract support is recognized ratably over the term of the related agreement.

Unbilled accounts receivable represent amounts recognized as revenue based on services performed in advance of billings in accordance with contract terms. Under our typical time-and-materials billing arrangement, we bill our customers on a regularly scheduled basis, such as biweekly or monthly. At the end of each accounting period, we accrue revenue for services performed since the last billing cycle. These unbilled amounts are generally billed the following month. Unbilled accounts receivable also arise when percentage-of-completion accounting is used and costs plus estimated contract earnings exceed billings. Such amounts are billed at specific milestone dates or at contract completion. Management expects all unbilled accounts receivable to be collected within one year of the balance sheet date. Billings in excess of revenue recognized are recorded as deferred revenue and are primarily comprised of deferred software support revenue.

Goodwill—We perform our annual impairment analysis of goodwill as of June 30 each year, or more often if there are indicators of impairment present. We test each of our reporting units for goodwill impairment. Our reporting units are the same as our operating divisions and reporting segments. The goodwill impairment test requires a two-step process. The first step consists of comparing the estimated fair value of each reporting unit with its carrying amount, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, then it is not considered impaired and no further analysis is required. If step one indicates that the estimated fair value of a reporting unit is less than its carrying value, then impairment potentially exists and the second step is performed to measure the amount of goodwill impairment. Goodwill impairment exists when the estimated implied fair value of a reporting unit's goodwill is less than its carrying value.

We compared the carrying values of our International and North America reporting units to their estimated fair values at June 30, 2014. We estimated the fair value of each reporting unit based on a weighting of both the income approach and the market approach. The discounted cash flows for each reporting unit serve as the primary basis for the income approach, and were based on discrete financial forecasts developed by management. Cash flows beyond the discrete forecast period of five years were estimated using the perpetuity growth method calculation. The annual average revenue growth rates forecasted for our reporting units for the first five years of our projections were approximately 3%. We have projected a minor amount of operating profit margin improvement based on expected margin benefits from certain internal initiatives. The terminal value was calculated assuming projected growth rates of 3% after five years, which reflects our estimate of minimum long-term growth in IT spending. The income approach valuations also included each reporting unit's estimated weighted average cost of capital, which were 14.5% and 15% for International and North America, respectively. The market approach applied pricing multiples derived from publicly-traded companies that are comparable to the respective reporting units to determine their values. For our International and North America reporting units, we used enterprise value/EBITDA multiples of 7 and 6, respectively, in order to value each of our reporting units under the market approach. In addition, the fair value under the market approach included a control premium of 33%. The control premium was determined based on a review of comparative market transactions. Publicly-available information regarding our market capitalization was also considered in assessing the reasonableness of the cumulative fair values of our reporting units.

As a result of the first step of our goodwill impairment test as of June 30, 2014, we estimated that the fair values for our International and North America reporting units exceeded their carrying amounts by 21% and 59%, respectively, thus no impairment was indicated. As of June 30, 2014, we updated our cash flow forecasts and our other assumptions used to calculate the estimated fair value of our reporting units to account for our beliefs and expectations of the current business environment. While we believe our estimates are appropriate based on our view of current business trends, no assurance can be provided that impairment charges will not be required in the future.

For the quarter ended December 31, 2014, we reviewed for indicators of impairment and believed that the sustained decline in our share price warranted an interim test for goodwill impairment for our reporting units. We compared the carrying values of our International and North America reporting units to their estimated fair values at December 31, 2014. We estimated the fair value of each reporting unit based on a weighting of both the income approach and the market approach. We used similar methodologies as during our annual impairment test date of June 30, 2014, and updated our business and valuation assumptions for the income and market approach. The discounted cash flow method (income approach) incorporates various Level 3 inputs including projected revenue growth rates, earnings margins, and the present value, based on the discount rate and terminal growth rate, of forecasted cash flows. The annual average revenue growth rates forecasted for our reporting units for the first five years of our projections were approximately 3%. Again, we projected a minor amount of operating profit margin improvement based on expected margin benefits from certain internal initiatives. The terminal value was calculated assuming projected growth rates of 3% after five years, which reflects our estimate of minimum long-term growth in IT spending. The income approach valuations also included each reporting unit's estimated weighted average cost of capital, which were 16% and 14.5% for International and North America, respectively. The market approach applied pricing multiples derived from publicly-traded companies that are comparable to the respective reporting units to determine their values. For our International and North America reporting units, we used enterprise value/EBITDA multiples of approximately 8 and 6, respectively in order to value each of our reporting units under the market approach. In addition, the fair value under the market approach included a control premium of 30%. The control premium was determined based on a review of comparative market transactions. Publicly-available information regarding our market capitalization was also considered in assessing the reasonableness of the cumulative fair values of our reporting units.

As a result of the first step of our interim goodwill impairment test as of December 31, 2014, we estimated that the fair values for our International and North America reporting units exceeded their carrying amounts by 28% and 86%, respectively, thus no impairment was indicated. We updated our cash flow forecasts and our other assumptions used to calculate the estimated fair value of our reporting units to account for our beliefs and expectations of the current business environment. While we believe our estimates are appropriate based on our view of current business trends, no assurance can be provided that impairment charges will not be required in the future.

We currently have a remaining goodwill balance of $267.6 million at December 31, 2014. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. In estimating the fair value of the reporting units for the purpose of our annual or periodic goodwill impairment analysis, we make estimates and judgments about the future cash flows of the reporting units, including estimated growth rates and assumptions about the economic environment. Although our cash flow forecasts are based on assumptions that are consistent with the plans

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and estimates we are using to manage the underlying reporting units, there is significant judgment in determining the cash flows attributable to these reporting units. We consider our market capitalization, adjusted for unallocated monetary assets such as cash and debt, a control premium, and other factors determined by management. As a result, several factors could result in the impairment of a material amount of our goodwill balance in future periods, including, but not limited to:

(1) failure of Ciber to reach our internal forecasts could impact our ability to achieve our forecasted levels of cash flows and reduce the estimated fair values of our reporting units; and

(2) a decline in our stock price and resulting market capitalization, if we determine that the decline is sustained and is indicative of a reduction in the fair value of either of our reporting units below their carrying values.

Adverse changes in our market capitalization, long-term forecasts and industry growth rates could result in additional impairment charges being recorded in future periods for goodwill attributed to any of our reporting units. Any future impairment charges would adversely affect our results of operations for those periods.

Income taxes — We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant management judgment is required in determining the provision for income taxes and deferred tax assets and liabilities, including any valuation allowance recorded against net deferred tax assets. The consolidated provision for income taxes will change period to period based on nonrecurring events, such as the results of income tax audits, changes in tax laws and the timing and amount of possible foreign dividend repatriation, as well as recurring factors including the geographic mix of income before taxes, state and local taxes and the effects of various global income tax strategies.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent recovery is believed unlikely, we establish a valuation allowance. Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, management considers all available evidence for each jurisdiction including past operating results, estimates of future taxable income and the feasibility of ongoing tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust the valuation allowance with a corresponding impact to income tax expense in the period in which such determination is made.

We have not recorded any deferred tax benefit for any domestic tax operating losses since then. Our total valuation allowance recorded against all of our deferred tax assets at December 31, 2014, was $56.9 million. The establishment of a valuation allowance does not impair our ability to use the deferred tax assets, such as net operating loss and tax credit carryforwards, upon achieving sufficient profitability. As we generate domestic taxable income in future periods, we do not expect to record significant related domestic income tax expense until the valuation allowance is significantly reduced. As we are able to determine that it is more likely than not that we will be able to utilize the deferred tax assets, we will reduce our valuation allowance.

We apply an estimated annual effective tax rate to our quarterly operating results to determine the provision for income tax expense. In the event there is a significant unusual or infrequent item recognized in our quarterly operating results, the tax attributable to that item is recorded in the interim period in which it occurs. Changes in the geographic mix or estimated level of annual income before taxes will affect our provision for income tax expense.

We are regularly audited by various taxing authorities, and sometimes these audits involve proposed assessments where the ultimate resolution may result in us owing additional taxes, plus interest and possible penalties. Tax exposures can involve complex issues and may require an extended period to resolve. We establish reserves when, despite our belief that our tax return positions are appropriate and supportable under local tax law, we believe it is more likely than not that all or some portion of a tax benefit will not be realized as the result of an audit. We evaluate these reserves each quarter and adjust the reserves and the related interest in light of changing facts and circumstances regarding the estimates of tax benefits to be realized, such as the progress of a tax audit or the expiration of a statute of limitations. We believe the estimates and assumptions used to support our evaluation of tax benefit realization are reasonable. However, final determinations of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different from estimates reflected in assets and liabilities and historical income tax provisions. The outcome of these final determinations could have a material effect on our income tax provision, net income or cash flows in the period in which that determination is made. We believe our tax positions comply with applicable tax law and that we have adequately provided for any known tax contingencies.

Allowance for doubtful accounts receivable — We maintain an allowance for doubtful accounts at an amount we estimate to be sufficient to cover the risk of collecting less than full payment on our receivables. At December 31, 2014, we had gross accounts receivable of $176.3 million and our allowance for doubtful accounts was $2.8 million. Our allowance for doubtful accounts is based upon specific identification of probable losses. We review our accounts receivable and reassess our estimates of collectability each quarter. Historically, our bad debt expense has been a very small percentage of our total revenue, as most of our revenues are from large, credit-worthy Global 2000 blue-chip companies and government agencies. Our bad debt expense was $0.7 million, $1.8 million, and $0.8 million in 2014, 2013, and 2012, respectively. If our clients' financial condition or liquidity were to deteriorate, resulting in an impairment of their ability to make payments, or if customers were to express dissatisfaction with the services we have provided, additional allowances may be required. Such items are very difficult to predict and require significant management judgment.

Accrued compensation and certain other accrued liabilities — Employee compensation costs are our largest expense category. We have several different variable compensation programs that are highly dependent on estimates and judgments, particularly at interim reporting dates. Some programs are discretionary, while others have quantifiable performance metrics. Certain programs are annual, while others are quarterly or monthly. Often actual compensation amounts cannot be determined until after our results are reported. We believe we make reasonable estimates and judgments using all significant information available. Office closure liabilities are established when we vacate an operating lease location. The amount of the liability represents the present value of any remaining lease obligations, net of estimated sublease income. If the timing or amount of actual sublease income differs from estimated amounts, this could result in an increase or decrease in the related reserves. We estimate the amounts required for incurred but not reported health claims under our self-insured employee benefit programs. Our accrual for health costs is based on historical experience and specific claim activity and actual amounts may vary. In the ordinary course of business, we are currently involved in various claims and legal proceedings. We periodically review the status of each significant matter and assess our potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. We use significant judgment in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information at that time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates. Such revisions in the estimates of potential liabilities could have a material impact on our financial position and results of operations. We expense legal fees as incurred.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks related to changes in foreign currency exchange rates and interest rates. We believe our exposure to other market risks is immaterial.

During 2014, approximately 51%, or $443 million of our total revenue was attributable to our foreign operations. Using sensitivity analysis, a hypothetical 10% increase or decrease in the value of the U.S. dollar against all currencies would change total revenue by 5.1%, or $44 million. A portion of this fluctuation would be offset by expenses incurred in local currency. Additionally, we have exposure to changes in foreign currency rates related to short-term inter-company transactions with our foreign subsidiaries and from client receivables in different currencies. At December 31, 2014, we have entered into the multiple short term foreign currency forward transaction to mitigate our exposure to fluctuations in the the euro, the Indian Rupee, the pound sterling, the Norwegian krone, the Swedish krona, and the Australian Dollar related to inter-company transactions. See Note 10 to our consolidated financial statements for more information on our financial instruments. Foreign sales are mostly made by our foreign subsidiaries in their respective countries and are typically denominated in the local currency of each country. Our foreign subsidiaries incur most of their expenses in their local currency as well, which helps minimize our risk of exchange rate fluctuations.

Our exposure to changes in interest rates arises primarily because our ABL Facility has a variable interest rate. For the year ended December 31, 2014, we had average borrowings outstanding under our ABL Facility of $13.5 million and the weighted average interest rate on these borrowings was 4.05%. Therefore, a 1% increase in interest rates on average outstanding indebtedness under the ABL Facility would result in approximately $0.1 million of additional interest expense in 2014.

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Item 8. Financial Statements and Supplementary Data

The following consolidated financial statements and supplementary data are included as part of this Annual Report on Form 10-K:

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Ciber, Inc.

We have audited the accompanying consolidated balance sheets of Ciber, Inc. and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the 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), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 20, 2015

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Ciber, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Year Ended December 31,		
	2014	2013	2012
REVENUES			
Consulting services	$812,660	$830,505	$819,848
Other revenue	50,947	46,788	45,749
Total revenues	863,607	877,293	865,597
OPERATING EXPENSES			
Cost of consulting services	612,724	626,771	615,494
Cost of other revenue	28,217	27,465	26,625
Selling, general and administrative	206,040	205,615	202,185
Amortization of intangible assets	192	—	644
Restructuring charges	26,232	16,923	7,981
Total operating expenses	873,405	876,774	852,929
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	(9,798)	519	12,668
Interest expense	(1,639)	(2,539)	(5,976)
Other income (expense), net	(1,385)	841	259
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(12,822)	(1,179)	6,951
Income tax expense	5,935	6,428	11,024
NET LOSS FROM CONTINUING OPERATIONS	(18,757)	(7,607)	(4,073)
Loss from discontinued operations, net of income tax	(792)	(6,924)	(10,009)
CONSOLIDATED NET LOSS	(19,549)	(14,531)	(14,082)
Net income (loss) attributable to noncontrolling interests	55	(11)	545
NET LOSS ATTRIBUTABLE TO CIBER, INC.	$(19,604)	$(14,520)	$(14,627)
Basic and diluted loss per share attributable to Ciber, Inc.:			
Continuing operations	$(0.24)	$(0.10)	$(0.06)
Discontinued operations	(0.01)	(0.09)	(0.14)
Basic and diluted loss per share attributable to Ciber, Inc.	$(0.25)	$(0.19)	$(0.20)
Weighted average shares outstanding — Basic and Diluted	77,593	74,846	73,166

See accompanying notes to consolidated financial statements.

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Ciber, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31,		
	2014	2013	2012
Consolidated net loss	$(19,549)	$(14,531)	$(14,082)
Reclassification adjustment to loss from discontinued operations	—	1,008	—
Foreign currency translation adjustments	(20,339)	1,880	7,214
Comprehensive loss	(39,888)	(11,643)	(6,868)
Comprehensive income (loss) attributable to noncontrolling interests	55	(11)	545
Comprehensive loss attributable to Ciber, Inc.	$(39,943)	$(11,632)	$(7,413)

See accompanying notes to consolidated financial statements.

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Ciber, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except per share amounts)

	December 31, 2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$45,858	$44,483
Accounts receivable, net of allowances of $2,842 and $2,335, respectively	173,450	189,382
Prepaid expenses and other current assets	26,714	22,794
Total current assets	246,022	256,659
Property and equipment, net of accumulated depreciation of $46,871 and $48,500, respectively	14,115	12,923
Goodwill	267,587	281,714
Other assets	7,559	6,522
TOTAL ASSETS	$535,283	$557,818
LIABILITIES AND EQUITY		
Liabilities:		
Current liabilities:		
Current portion of long-term debt	$—	$53
Accounts payable	32,926	34,223
Accrued compensation and related liabilities	59,012	69,622
Deferred revenue	17,475	20,989
Income taxes payable	573	1,654
Other accrued expenses and liabilities	50,932	44,190
Total current liabilities	160,918	170,731
Long-term debt	11,402	—
Deferred income taxes	28,422	23,910
Other long-term liabilities	8,465	10,119
Total liabilities	209,207	204,760
Commitments and contingencies		
Equity:		
Ciber, Inc. shareholders' equity:		
Preferred stock, $0.01 par value, 1,000 shares authorized, no shares issued	—	—
Common stock, $0.01 par value, 100,000 shares authorized, 78,728 and 75,822 shares issued, respectively	787	758
Treasury stock, at cost, 32 and 37 shares, respectively	(117)	(150)
Additional paid-in capital	360,419	343,944
Retained earnings (accumulated deficit)	(18,348)	4,887
Accumulated other comprehensive income (loss)	(17,243)	3,096
Total Ciber, Inc. shareholders' equity	325,498	352,535
Noncontrolling interests	578	523
Total equity	326,076	353,058

TOTAL LIABILITIES AND EQUITY	$535,283	$557,818

See accompanying notes to consolidated financial statements.

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Ciber, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Ciber, Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount						
BALANCES AT JANUARY 1, 2012	74,487	$745	(1,919)	$(10,998)	$330,088	$44,337	$(7,006)	$357,166	$(159)	$357,007
Consolidated net loss	—	—	—	—	—	(14,627)	—	(14,627)	545	(14,082)
Foreign currency translation	—	—	—	—	—	—	7,214	7,214	—	7,214
Treasury shares issued under employee share plans	—	—	1,211	6,941	—	(5,678)	—	1,263	—	1,263
Share-based compensation	—	—	—	—	7,551	—	—	7,551	—	7,551
BALANCES AT DECEMBER 31, 2012	74,487	745	(708)	(4,057)	337,639	24,032	208	358,567	386	358,953
Consolidated net loss	—	—	—	—	—	(14,520)	—	(14,520)	(11)	(14,531)
Foreign currency translation and reclassification	—	—	—	—	—	—	2,888	2,888	—	2,888
Change in noncontrolling interest	—	—	—	—	(6,755)	—	—	(6,755)	148	(6,607)
Shares issued under employee share plans, net	1,335	13	671	3,907	1,314	(4,625)	—	609	—	609
Share-based compensation	—	—	—	—	11,746	—	—	11,746	—	11,746
BALANCES AT DECEMBER 31, 2013	75,822	758	(37)	(150)	343,944	4,887	3,096	352,535	523	353,058
Consolidated net loss	—	—	—	—	—	(19,604)	—	(19,604)	55	(19,549)
Foreign currency	—	—	—	—	—	—	(20,339)	(20,339)	—	(20,339)

translation										
Shares issued under employee share plans, net	2,906	29	5	33	5,070	(3,631)	—	1,501	—	1,501
Share-based compensation	—	—	—	—	11,405	—	—	11,405	—	11,405
BALANCES AT DECEMBER 31, 2014	78,728	$787	(32)	$(117)	$360,419	$(18,348)	$(17,243)	$325,498	$578	$326,076

See accompanying notes to consolidated financial statements.

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Ciber, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net loss	$(19,549)	$(14,531)	$(14,082)
Adjustments to reconcile consolidated net loss to net cash provided by (used in) operating activities:			
Loss from discontinued operations	792	6,924	10,009
Depreciation	5,552	5,797	7,366
Amortization of intangible assets	192	—	644
Deferred income tax expense	2,916	2,706	4,892
Provision for doubtful receivables	730	1,813	825
Share-based compensation expense	11,405	11,746	7,282
Amortization of debt costs	571	798	2,615
Other, net	2,191	470	667
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	3,029	2,401	(13,529)
Other current and long-term assets	(1,184)	1,337	(1,708)
Accounts payable	220	3,786	(4,240)
Accrued compensation and related liabilities	(6,202)	845	7,352
Other current and long-term liabilities	7,002	5,868	(6,004)
Income taxes payable/refundable	(5,713)	(4,745)	(936)
Cash provided by operating activities — continuing operations	1,952	25,215	1,153
Cash used in operating activities — discontinued operations	(766)	(1,273)	(2,830)
Cash provided by (used in) operating activities	1,186	23,942	(1,677)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition	(845)	—	—
Purchases of property and equipment, net	(8,178)	(5,213)	(3,243)
Cash used in investing activities — continuing operations	(9,023)	(5,213)	(3,243)
Cash provided by (used in) investing activities — discontinued operations	—	(313)	37,754
Cash provided by (used in) investing activities	(9,023)	(5,526)	34,511
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings on long-term debt	330,928	302,135	337,475
Payments on long-term debt	(319,137)	(328,354)	(377,617)
Employee stock purchases and options exercised	5,097	2,449	1,263
Purchase of shares for employee tax withholdings	(3,596)	(1,840)	—
Credit facility fees paid	—	—	(3,389)
Payment of initial fair value of acquisition-related contingent consideration	—	(3,428)	—
Purchase of noncontrolling interests	(708)	(800)	—
Other, net	—	(95)	(688)
Cash provided by (used in) financing activities — continuing operations	12,584	(29,933)	(42,956)
Effect of foreign exchange rate changes on cash and cash equivalents	(3,372)	(2,849)	3,404

Net increase (decrease) in cash and cash equivalents	1,375	(14,366)	(6,718)
Cash and cash equivalents, beginning of period	44,483	58,849	65,567
Cash and cash equivalents, end of period	$45,858	$44,483	$58,849

See accompanying notes to consolidated financial statements.

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Ciber, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

(a) Description of Business

Ciber is a leading global information technology (“IT”) company with a wide range of technology expertise. We serve a variety of clients, including corporations listed in the Fortune 100 and middle-market companies, as well as governmental entities and educational institutions. We solve complex IT and business issues across various industries such as manufacturing, healthcare and life sciences, communications, energy and utilities, and financial services. The three pillars of our business include Application Development and Maintenance (“ADM”), Independent Software Vendor relationships (“ISVs”) and Ciber Managed Services (“CMS”). We combine local, on-site account management with a global delivery model to serve clients in an intimate manner while still utilizing the power and cost efficiencies of global resources. To a lesser extent, we also resell certain IT hardware and software products.

(b) Principles of Consolidation

The Consolidated Financial Statements include the accounts of Ciber, Inc. and all of its majority-owned subsidiaries (together "Ciber," "the Company," "we," "our," or "us"). All material inter-company balances and transactions have been eliminated.

The shares of our foreign subsidiaries that are owned by persons other than Ciber are referred to as noncontrolling interests in these Consolidated Financial Statements. The noncontrolling shareholders' proportionate share of the equity of these subsidiaries is reflected as "noncontrolling interests" in the Consolidated Balance Sheets. The noncontrolling shareholders' proportionate share of the net income or loss of these subsidiaries is reflected as "net income (loss) attributable to noncontrolling interests" in the Consolidated Statements of Operations.

In June 2013, we entered into an agreement to purchase all of the noncontrolling interests of one of our foreign subsidiaries for future cash payments of approximately $7.3 million, of which $0.8 million was paid in the the fourth quarter of 2013, $0.7 million was paid in the fourth quarter of 2014, and the remainder will be paid in the second quarter of 2015. Effective with the date of entering into this agreement, we derecognized the previously recorded noncontrolling interests relating to this subsidiary and recorded a liability for the present value of future cash payments on our consolidated balance sheet. We recorded the excess of the present value of future cash payments over the book value of noncontrolling interests as a reduction to Ciber, Inc. shareholders' equity.

(c) Use of Estimates

The preparation of our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates.

(d) Revenue Recognition

Ciber earns revenue primarily from providing IT services to its clients, and to a much lesser extent, from the sale and resale of IT hardware and software products. Ciber's consulting services revenue comes from three primary sources: (1) technology integration services where we design, build and implement new or enhanced system applications and related processes; (2) general IT consulting services, such as system selection or assessment, feasibility studies, training and staffing; and (3) managed IT services in which we manage, staff, maintain, host or otherwise run solutions and/or systems for our customers. Contracts for these services have different terms based on the scope, deliverables and complexity of the engagement, which requires management to make judgments and estimates in recognizing revenue. Fees for these contracts may be in the form of time-and-materials, unit-priced or fixed-price billings. The majority of our consulting services revenue is recognized under time-and-materials contracts as hours and costs are incurred. Consulting services revenue also includes project-related reimbursable expenses for travel and other out-of-pocket expenses separately billed to clients.

Revenue for technology integration consulting services where we design/redesign, build and implement new or enhanced systems applications and related processes for our clients is generally recognized based on the percentage-of-completion method. Under the percentage-of-completion method, management estimates the percentage of completion based upon the contract costs incurred to date as a percentage of the total estimated contract costs. If the total cost estimate exceeds revenue, we accrue for the estimated loss immediately. The use of the percentage-of-completion method requires significant judgment relative to estimating total contract revenue and costs, including assumptions as to the length of time to complete the project, the nature and complexity of the work to be performed and anticipated changes in estimated costs. Estimates of total contract costs are continuously monitored during the term of the contract and recorded revenues and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income and are reflected in the Consolidated Financial Statements in the periods in which they are first identified.

Revenue for general IT consulting services is recognized as work is performed and amounts are earned. For contracts with fees based on time-and-materials, we recognize revenue over the period of performance. For fixed-price contracts, depending on the specific contractual provisions and nature of the deliverables, revenue may be recognized on a proportional performance model based on level-of-effort, as milestones are achieved or when final deliverables have been provided.

Outsourcing and managed IT services arrangements typically span several years. Revenue from time-and-materials contracts is recognized as the services are performed. Revenue from unit-priced contracts is recognized as transactions are processed based on objective measures of output. Revenue from fixed-price contracts is recognized on a straight-line basis, unless revenues are earned and obligations are fulfilled in a different pattern. Costs related to delivering managed services are expensed as incurred, with the exception of labor and other direct costs related to the set-up of processes, personnel and systems, which are deferred during the transition period when appropriate criteria have been met and expensed ratably over the period services are provided. Amounts billable to the client for transition or set-up activities, which do not have standalone value, are also deferred and recognized as revenue ratably over the period that the managed services are provided.

We sometimes enter into arrangements (excluding software license arrangements) with customers that purchase multiple services, or a combination of services and IT hardware products, from us at the same time, referred to as multiple-element arrangements. Each element within a multiple-element arrangement is accounted for as a separate unit of accounting provided that the delivered services or products have value to the customer on a standalone basis. We consider a deliverable element to have standalone value if the service or product is sold separately by us or another vendor or could be resold by the customer. For our multiple-element arrangements, the arrangement consideration is allocated at the inception of the arrangement to all deliverable elements on the basis of their relative selling price (the relative selling price method). When applying the relative selling price method, the selling price for each deliverable is determined using vendor-specific objective evidence ("VSOE") of selling price if it exists; otherwise, third-party evidence ("TPE") of selling price is used. If neither VSOE nor TPE of selling price exists for a deliverable, then we use our best estimate of the selling price ("ESP") for that deliverable when applying the relative selling price method. Since our services are typically customized to each client's specific needs, VSOE and TPE are generally not available. We determine ESP for purposes of allocating the arrangement by considering several external and internal factors including, but not limited to, pricing practices, margin objectives, competition, geographies in which we offer our products and services, and internal costs. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional services or products.

Other revenue primarily includes sales of third-party software products and related support services and commissions on sales of IT products and, to a lesser extent, sales of proprietary software products. Where we are the re-marketer of certain IT products, commission revenue is recognized when the products are drop-shipped from the vendor to the customer. Our commission revenue represents the sales price to the customer less the cost paid to the vendor. Some software license arrangements also include implementation services and/or post-contract customer support. In such multi-element software arrangements, if the criteria are met, revenue is recognized when VSOE of the fair value of each undelivered element has been established. Generally our license arrangements containing multiple elements do not qualify for separate accounting for the implementation services, and the software license revenue and the related costs of third-party software products are generally recognized together with the software implementation services using the percentage-of-completion method. Revenue for software post-contract support is recognized ratably over the term of the related agreement.

Unbilled accounts receivable represent amounts recognized as revenue based on services performed in advance of billings in accordance with contract terms. Under our typical time-and-materials billing arrangement, we bill our customers on a regularly scheduled basis, such as biweekly or monthly. At the end of each accounting period, we accrue revenue for services performed since the last billing cycle. These unbilled amounts are generally billed the following month. Unbilled accounts receivable also arise when percentage-of-completion accounting is used and costs plus estimated contract earnings exceed billings. Such amounts are billed at specific milestone dates or at contract completion. Management expects all unbilled accounts receivable to be collected within one year of the balance sheet date. Billings in excess of revenue recognized are recorded as deferred revenue and are primarily comprised of deferred software support revenue.

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(e) Cash and Cash Equivalents

Cash and cash equivalents includes bank demand and time deposits, money market funds and all other highly liquid investments with maturities of three months or less when purchased. The majority of our cash balance at December 31, 2014 and 2013 was held by our foreign subsidiaries.

(f) Accounts Receivable and Allowance for Doubtful Accounts

We record accounts receivable at their face amount less an allowance for doubtful accounts. On a regular basis, we evaluate our client receivables, especially receivables that are past due, and we establish an allowance for doubtful accounts based upon specific identification of probable losses. Accounts receivable losses are deducted from the allowance and the related accounts receivable balances are written off when the receivables are deemed uncollectible. Recoveries of accounts receivable previously written off are recognized when received.

(g) Property and Equipment

Property and equipment, which primarily consists of computer equipment and software, furniture and leasehold improvements, is stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives, ranging primarily from three to seven years, or the related lease term, if shorter. Direct costs of time and materials incurred for the development of software for internal use are capitalized as property and equipment.

(h) Long-Lived Assets (excluding Goodwill)

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value of the asset.

(i) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss carryforwards. Deferred tax amounts are based on enacted tax rates expected to be in effect during the year in which the differences reverse. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income tax expense in the period that includes the enactment date. Deferred tax assets and liabilities are classified as current and non-current amounts based on the financial statement classification of the related asset and liability. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized. We use a two-step approach to recognize and measure uncertain tax positions taken or expected to be taken in an income tax return. We first determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step involves measuring the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

The provision for income taxes represents the estimated amounts for federal, state and foreign taxes. The determination of the provision for income tax expense, deferred tax assets and liabilities and related valuation allowance requires us to assess uncertainties, make judgments regarding possible outcomes and utilize estimates. As a global company, we are required to calculate and provide for income taxes in each of the tax jurisdictions where we operate. Our global operations are subject to complex tax regulations in numerous taxing jurisdictions, resulting at times in tax audits, disputes and potential litigation, the outcome of which is uncertain. We must make judgments currently about such uncertainties and determine estimates of our tax assets and liabilities. To the extent the final outcome differs, future adjustments to our tax assets and liabilities will be necessary. As a result, our effective tax rate may vary significantly from period to period. In addition, changes in the geographic mix and/or estimated levels of pre-tax income affect the overall effective tax rate. Interim-period tax expense is recorded based upon our best estimate of the effective tax rate expected to be applicable for the full fiscal year.

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(j) Foreign Currency

The assets and liabilities of our foreign operations are translated into U.S. dollars at current exchange rates and revenues and expenses are translated at average exchange rates for the period. The resulting translation adjustments are included in "accumulated other comprehensive income (loss)" on the Consolidated Balance Sheets. Gains and losses arising from inter-company international transactions that are of a long-term investment nature are reported in the same manner as translation adjustments. Foreign currency translation adjustments are reclassified into our Consolidated Statement of Operations when our interest in subsidiaries with a functional currency is substantially liquidated.

All foreign currency transaction gains and losses, including foreign currency gains and losses on short-term inter-company loans and advances, are included in "other expense, net" in the Consolidated Statements of Operations as incurred. During 2014, we entered into multiple foreign currency forward transactions to reduce our exposure to changes in foreign currency exchange rates. The unrealized gain (loss) on these transactions is also recorded in "other expense, net" in our Consolidated Statements of Operations.

(k) Share-Based Compensation

We record share-based compensation expense for awards of equity instruments to employees based on the estimated grant-date fair value of these awards, over the period the employees are required to provide services to earn the awards. Share-based compensation cost is recognized in "selling, general and administrative expense" in the Consolidated Statements of Operations.

To the extent available, we issue treasury shares when option awards are exercised or RSU awards vest. When treasury stock is not available we issue new shares of Ciber common stock for share-based awards.

(l) Financial Instruments and Fair Values

The Company is required to disclose the fair value of all assets and liabilities subject to fair value measurement and the nature of the valuation techniques, including their classification within the fair value hierarchy, utilized by the Company in performing these measurements.

The FASB provides a fair value framework which requires the categorization of assets and liabilities into three levels based upon the assumptions (or inputs) used to price the assets or liabilities, which are as follows:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2:	Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
Level 3:	Unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions.

The carrying values of our cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to their short-term nature. The fair value of our reporting units utilized in our annual goodwill impairment assessment, which utilizes level 3 assumptions, is discussed in Note 7. The fair value of the borrowings under our ABL Facility utilizing level 2 assumptions is discussed in Note 9. Restructuring liabilities for office closures, discussed in Note 15, are initially recorded at estimated fair value utilizing level 3 assumptions, including an estimate of sublease income which is subject to adjustment in future periods if assumptions change.

Ciber is exposed to certain risks related to its ongoing business operations. From time to time, Ciber may choose to use derivative instruments to manage certain risks related to foreign currency exchange rates and interest rates. We recognize all derivative instruments as either assets or liabilities on our Consolidated Balance Sheets at fair value utilizing level 2 assumptions. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. All hedging instruments must be designated, based on the exposure being hedged, as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation.

For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the effective hedge portion of the derivative instrument is reported as a component of "accumulated other comprehensive income (loss)" on the

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Consolidated Balance Sheets and is reclassified into earnings in the same period during which the hedged transaction affects earnings. The change in the amounts are reported in the Consolidated Statement of Comprehensive Income (Loss). The gain or loss is classified in the same statement of operations line item as the associated item being hedged.

From time to time, Ciber will also enter into foreign currency forward contracts related to customer agreements or intercompany transactions denominated in a foreign currency or related to certain forecasted foreign operating results. At December 31, 2014, we have entered into multiple foreign currency forward transaction to mitigate our exposure to fluctuations in the the euro, the Indian Rupee, the pound sterling, the Norwegian krone, the Swedish krona, and the Australian Dollar related to inter-company transactions. We have not elected hedge accounting for these derivatives. These fair values are recorded in "prepaid expenses and other current assets" and "other accrued expenses and liabilities," respectively, in our Consolidated Balance Sheet. At December 31, 2013, we did not have any material outstanding derivative instruments. For more information on our derivative instruments see Note 10.

(m) Business and Credit Concentrations

Financial instruments that are potentially subject to concentrations of credit risk are cash and cash equivalents and accounts receivable. Our cash and cash equivalents are primarily invested in high-credit quality short-term, interest-bearing accounts with financial institutions. Accounts receivable are reviewed on a periodic basis and an allowance for bad debts is recorded where such amounts are determined to be uncollectible. We do not require collateral from our customers. Our revenue and accounts receivable are principally concentrated with large companies across several industries and governmental entities located throughout the United States and Europe.

(n) Comprehensive Income (Loss)

Comprehensive income (loss) includes changes in the balances of items that are reported directly as separate components of shareholders' equity. Comprehensive income (loss) includes net income plus changes in cumulative foreign currency translation adjustment, net of taxes.

The balance of "accumulated other comprehensive income (loss)" reflected on the Consolidated Balance Sheets was comprised of the following:

	Foreign Currency Translation (in thousands)
Balance at January 1, 2013	$208
Amount reclassified from accumulated other comprehensive income	1,008
Change in foreign currency translation	1,880
Balance at December 31, 2013	3,096
Change in foreign currency translation	(20,339)
Balance at December 31, 2014	$(17,243)

(o) Contingencies

We are subject to various claims and litigation that arise in the ordinary course of business. The litigation process is inherently uncertain. Therefore, the outcome of such matters is not predictable.

As previously reported, we are engaged in legal proceedings in Germany in connection with our acquisition of a controlling interest in Novasoft AG (now known as Ciber AG) in 2004. In August 2006, we completed a buy-out of the remaining minority shareholders of Novasoft. Certain of those former minority shareholders challenged the adequacy of the buy-out consideration by initiating a review by the district court in Mannheim, Germany. The court made a determination in 2013 which is now under appeal by the plaintiffs. Based on information known to us, we have established a reserve that we believe is reasonable. We are unable to predict the outcome of this matter.

As previously reported, a lawsuit titled CamSoft Data Systems, Inc. v. Southern Electronics, et al., was filed initially in October 2009 in Louisiana state court against numerous defendants, including Ciber. The lawsuit was subsequently removed to federal court in the Middle District of Louisiana and the complaint was amended to include additional defendants and causes of action including antitrust claims, civil RICO claims, unfair trade practices, trade secret, fraud, unjust enrichment, and

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conspiracy claims. The suit involves many of the same parties involved in related litigation in the state court in New Orleans, which was concluded in 2009 when Ciber settled the New Orleans suit with the plaintiffs, Active Solutions and Southern Electronics, who were CamSoft's former alleged joint venturers and are now co-defendants in the current lawsuit. Ciber is vigorously defending the allegations. Proceedings in the federal appellate courts concluded in January 2015 with the matter remanded back to state court. Based on information known to us, we have established a reserve that we believe is reasonable. We are unable to predict the outcome of this litigation.
As previously reported, in February 2012, a purported verified shareholder derivative lawsuit, Seni v. Peterschmidt. et al., was filed in the United States District Court for the District of Colorado against several of our current and former officers and our then-current board of directors. This complaint generally alleged that the various defendants breached their fiduciary duties of good faith, fair dealing, loyalty, due care, reasonable inquiry, oversight, and supervision by approving the issuance of allegedly false statements that misrepresented material information about the finances and operations of the Company. On March 22, 2013, the Court dismissed this complaint with leave to amend. On April 26, 2013, plaintiff filed an amended complaint that largely made the same claims as the original complaint. In February 2014, the Court dismissed the amended complaint with leave to amend. Plaintiff filed a second amended complaint and defendants filed a motion to dismiss the second amended complaint in March 2014. In November 2014, a federal magistrate judge recommended that the defendants' motion to dismiss be granted. The plaintiff did not file any objection. We await the decision of the Court to uphold the magistrate judge's recommendation. We are unable to predict the outcome of this litigation.
In March 2012, a shareholder, Valerie Denny, made a litigation demand on the board of directors to investigate certain allegations and bring suit against the directors and certain current and former executive officers of the Company. In response, the board of directors formed an Independent Committee to investigate the claims. In December 2012, after the Independent Committee completed its investigation, it reported its findings to the board of directors. Based upon the Independent Committee's findings that Denny's claims were without merit, the board of directors formally refused the demand. In February 2014, Denny filed a purported verified shareholder derivative lawsuit, Denny v. Peterschmidt, et al., in Colorado State court, Arapahoe County, against certain current and former officers and directors. This complaint generally made the same allegations as set out in Denny's March 2012 demand. The Complaint alleged that between December 15, 2010, and August 3, 2011, the defendants committed breaches of fiduciary duty that caused losses to Ciber's reputation and goodwill. The defendants were alleged to have breached their fiduciary duties by disseminating inaccurate and incomplete information about Ciber's financial results and business prospects, failing to maintain internal controls, and failing to properly oversee and manage the Company. Denny also made claims of unjust enrichment and insider trading. In March 2014, Defendants filed a motion to stay the action pending resolution of the federal derivative action (Seni v. Peterschmidt), as well as motions to dismiss the action, and an answer to the complaint. In response to those motions, Denny agreed to stay the case. The court therefore issued an order staying the action on March 24, 2014. We intend to vigorously defend against the claims. We are, however, unable to predict the outcome of this litigation.
(p) Recently Issued Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity ("ASU 2014-08"). This update raises the threshold for disposals to qualify as discontinued operations, and allows companies to have significant continuing involvement and continuing cash flows with the discontinued operation. ASU 2014-08 is effective for annual periods beginning on or after December 15, 2014, and interim periods within that year. The guidance is applied prospectively, and early adoption is permitted but only for disposals that have not been reported in financial statements previously issued or available for issue. This ASU may impact our assessment of future disposals, if any, once adopted.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). The core principle of the standard is when an entity transfers goods or services to customers, it will recognize revenue in an amount that reflects the consideration the entity expects to be entitled to for those goods or services. The update outlines a five-step model and related application guidance, which replaces most existing revenue recognition guidance. ASU 2014-09 is effective for annual periods beginning after December 15, 2016, and for interim periods within that year, and allows for both retrospective and prospective methods of adoption. We are currently evaluating the impact of implementing this guidance on our consolidated financial statements, as well as which transition method we intend to use.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide related disclosures. ASU 2014-15 is effective for annual

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periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. We do not anticipate that this guidance will materially impact our consolidated financial statements.

(2) Discontinued Operations

During the second quarter of 2013, we closed down our Russian operations and met the criteria for this business to be reported as a discontinued operation. Accordingly, the operations and cash flows were removed from our consolidated operating results. In connection wit h the substantial liquidation of our Russian investment in the fourth quarter of 2013, we released the related cumulative translation adjustment of approximately $1 million from accumulated other comprehensive income into loss from discontinued operations. In 2012, we sold substantially all of the assets and certain liabilities of our Federal division as well as certain contracts and related property and equipment and certain other assets associated with our information technology outsourcing ("ITO") practice, which have both been previously reported as discontinued operations. In connection with the sale of the Federal division and ITO practice, we retained certain assets and liabilities. Some of these items, including certain possible contingent liabilities, may not be settled for several years. Accordingly, adjustments to such items, as well as administrative expenses associated with these discontinued businesses, are recorded through our results of discontinued operations.

To report the results of discontinued operations, we are required to adjust the reported results of the business sold or shut down from those previously reported as part of operating income by reporting segment. These adjustments eliminate corporate overhead allocations and adjust for costs of the business that will not be recognized on a going-forward basis. These adjustments have been made for all periods presented.

The following table summarizes the operating results of the discontinued operations included in the Consolidated Statements of Operations.

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Total revenues	$—	$5,424	$90,777
Operating expenses	792	11,177	93,319
Operating loss from discontinued operations	(792)	(5,753)	(2,542)
Interest and other expense	—	1,008	90
Loss from discontinued operations before income taxes	(792)	(6,761)	(2,632)
Income tax expense	—	211	808
Loss from discontinued operations, net of taxes	(792)	(6,972)	(3,440)
Gain (loss) on sale	—	48	(7,256)
Income tax benefit	—	—	(687)
Gain (loss) on sale, net of income taxes	—	48	(6,569)
Total loss from discontinued operations, net of income taxes	$(792)	$(6,924)	$(10,009)

(3) Acquisitions

In April 2014, we acquired certain contracts, software assets, and liabilities from an entity in Denmark. In accordance with authoritative accounting guidance for business combinations, the respective purchase price for this acquisition is allocated to the assets and liabilities acquired based on their estimated fair values. The excess purchase price over the respective fair values of assets is recorded as goodwill in our International segment. All goodwill associated with this acquisition is expected to be deductible for tax purposes. We paid approximately $0.8 million in cash at closing, and have agreed to additional future royalty payments limited to approximately $1.1 million. This contingent consideration is based on future software sales through the third quarter of 2017, and the fair value was recorded using a probability weighted approach based on management's estimates using Level 3 inputs. The purchase price was allocated as follows: $1.4 million of intangible and other assets fair valued based on development costs, $1.3 million of goodwill, and $0.8 million of current liabilities.

In 2011 we fixed the value of the future acquisition-related contingent consideration for our 2010 acquisition of Segmenta A/S at approximately $10 million, of which $2.1 million was paid in 2011. On May 31, 2013, we paid $7.1 million to settle this liability. The change in management's estimate of the amount to be paid was recorded in "other expense, net" on

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the Consolidated Statements of Operations. The liability was recorded in “other accrued expenses and liabilities” on the Consolidated Balance Sheets, and changes in the value of the liability from January 1, 2012 through December 31, 2013 were due to the following:

	Contingent Consideration (In thousands)
Balance at January 1, 2012	$6,476
Interest expense accretion	396
Foreign exchange rate changes	114
Balance at December 31, 2012	6,986
Interest expense accretion	176
Foreign exchange rate changes	(97)
Payments	(7,065)
Balance at December 31, 2013	$—

(4) Loss Per Share

The details of our net loss attributable to Ciber, Inc. is as follows:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
NET LOSS FROM CONTINUING OPERATIONS	$(18,757)	$(7,607)	$(4,073)
Net income (loss) attributable to noncontrolling interests	55	(11)	545
Net loss attributable to Ciber, Inc. from continuing operations	(18,812)	(7,596)	(4,618)
Loss from discontinued operations, net of income tax	(792)	(6,924)	(10,009)
Total net loss attributable to Ciber, Inc.	$(19,604)	$(14,520)	$(14,627)

Dilutive securities, including stock options and restricted stock units, are excluded from the diluted weighted average shares outstanding computation in periods in which they have an anti-dilutive effect, such as when we report a net loss attributable to Ciber, Inc. from continuing operations or when stock options have an exercise price that is greater than the average market price of Ciber common stock during the period. Because we had a net loss attributable to Ciber, Inc. from continuing operations for the years ended, December 31, 2014, 2013 and 2012, approximately 3.7 million, 6.1 million and 9.0 million anti-dilutive securities were excluded from the loss per share calculations.

(5) Accounts Receivable

Accounts receivable consists of the following:

	December 31,	
	2014	2013
	(In thousands)	
Billed accounts receivable	$134,040	$153,011
Unbilled - scheduled billings	22,258	29,993
Costs and estimated earnings in excess of billings	19,994	8,713
	176,292	191,717
Less allowance for doubtful accounts	(2,842)	(2,335)
Accounts receivable, net	$173,450	$189,382

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The activity in the allowance for doubtful accounts consists of the following:

	Balance at beginning of period (In thousands)	Additions Charge to cost and expense	Deductions Write-offs	Effect of foreign exchange rate changes	Balance at end of period
Year ended December 31, 2012	$1,422	825	(580)	85	$1,752
Year ended December 31, 2013	$1,752	1,813	(1,312)	82	$2,335
Year ended December 31, 2014	$2,335	730	(24)	(199)	$2,842

(6) Property and Equipment

Property and equipment consists of the following:

	December 31, 2014	2013
	(In thousands)	
Computer equipment and software	$45,173	$44,403
Furniture and fixtures	9,090	9,525
Leasehold improvements and other	6,723	7,495
	60,986	61,423
Less accumulated depreciation	(46,871)	(48,500)
Property and equipment, net	$14,115	$12,923

(7) Goodwill

The changes in the carrying amount of goodwill are as follows:

	International	North America	Total
	(In thousands)		
Balance at January 1, 2013	$142,918	$133,681	$276,599
Effect of foreign exchange rate changes	4,359	—	4,359
Other	756	—	756
Balance at December 31, 2013	148,033	133,681	281,714
Effect of foreign exchange rate changes	(15,409)	—	(15,409)
Acquisition	1,282	—	1,282
Balance at December 31, 2014	$133,906	$133,681	$267,587

We perform our annual impairment analysis of goodwill as of June 30 each year or more often if there are indicators of impairment present. We test each of our reporting units for goodwill impairment. Our reporting units are the same as our operating divisions and reportable segments. The goodwill impairment test requires a two-step process. The first step consists of comparing the estimated fair value of each reporting unit with its carrying amount, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, then it is not considered impaired and no further analysis is required. If step one indicates that the estimated fair value of a reporting unit is less than its carrying value, then impairment potentially exists and the second step is performed to measure the amount of goodwill impairment. Goodwill impairment exists when the estimated implied fair value of a reporting unit's goodwill is less than its carrying value.

We compared the carrying values of our International and North America reporting units to their estimated fair values at June 30, 2014. We estimated the fair value of each reporting unit based on a weighting of both the income approach and the market approach. The discounted cash flows for each reporting unit serve as the primary basis for the income approach, and were based on discrete financial forecasts developed by management. Cash flows beyond the discrete forecast period of five years were estimated using the perpetuity growth method calculation. The annual average revenue growth rates forecasted for our reporting units for the first five years of our projections were approximately 3%. We have projected a minor amount of operating profit margin improvement based on expected margin benefits from certain internal initiatives. The terminal value was calculated assuming projected growth rates of 3% after five years, which reflects our estimate of minimum long-term

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growth in IT spending. The income approach valuations also included each reporting unit's estimated weighted average cost of capital, which were 14.5% and 15% for International and North America, respectively. The market approach applied pricing multiples derived from publicly-traded companies that are comparable to the respective reporting units to determine their values. For our International and North America reporting units, we used enterprise value/EBITDA multiples of 7 and 6, respectively, in order to value each of our reporting units under the market approach. In addition, the fair value under the market approach included a control premium of 33%. The control premium was determined based on a review of comparative market transactions. Publicly-available information regarding our market capitalization was also considered in assessing the reasonableness of the cumulative fair values of our reporting units.

As a result of the first step of our goodwill impairment test as of June 30, 2014, we estimated that the fair values for our International and North America reporting units exceeded their carrying amounts by 21% and 59%, respectively, thus no impairment was indicated. As of June 30, 2014, we updated our cash flow forecasts and our other assumptions used to calculate the estimated fair value of our reporting units to account for our beliefs and expectations of the current business environment. While we believe our estimates are appropriate based on our view of current business trends, no assurance can be provided that impairment charges will not be required in the future.

For the quarter ended December 31, 2014, we reviewed for indicators of impairment and believed that the sustained decline in our share price warranted an interim test for goodwill impairment for our reporting units. We compared the carrying values of our International and North America reporting units to their estimated fair values at December 31, 2014. We estimated the fair value of each reporting unit based on a weighting of both the income approach and the market approach. We used similar methodologies as during our annual impairment test date of June 30, 2014, and updated our business and valuation assumptions for the income and market approach. The discounted cash flow method (income approach) incorporates various Level 3 inputs including projected revenue growth rates, earnings margins, and the present value, based on the discount rate and terminal growth rate, of forecasted cash flows. The annual average revenue growth rates forecasted for our reporting units for the first five years of our projections were approximately 3%. Again, we projected a minor amount of operating profit margin improvement based on expected margin benefits from certain internal initiatives. The terminal value was calculated assuming projected growth rates of 3% after five years, which reflects our estimate of minimum long-term growth in IT spending. The income approach valuations also included each reporting unit's estimated weighted average cost of capital, which were 16% and 14.5% for International and North America, respectively. The market approach applied pricing multiples derived from publicly-traded companies that are comparable to the respective reporting units to determine their values. For our International and North America reporting units, we used enterprise value/EBITDA multiples of approximately 8 and 6, respectively in order to value each of our reporting units under the market approach. In addition, the fair value under the market approach included a control premium of 30%. The control premium was determined based on a review of comparative market transactions. Publicly-available information regarding our market capitalization was also considered in assessing the reasonableness of the cumulative fair values of our reporting units.

As a result of the first step of our interim goodwill impairment test as of December 31, 2014, we estimated that the fair values for our International and North America reporting units exceeded their carrying amounts by 28% and 86%, respectively, thus no impairment was indicated. We updated our cash flow forecasts and our other assumptions used to calculate the estimated fair value of our reporting units to account for our beliefs and expectations of the current business environment. While we believe our estimates are appropriate based on our view of current business trends, no assurance can be provided that impairment charges will not be required in the future.

(8) Operating Leases

We have non-cancelable operating leases primarily for our office space, automobiles and office equipment. Expense for operating leases totaled approximately $24.4 million, $25.4 million and $29.7 million in 2014, 2013 and 2012, respectively.

Future minimum operating lease payments as of December 31, 2014, are:

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	Rental Payments (In thousands)
2015	$19,434
2016	16,708
2017	12,539
2018	10,027
2019	3,770
Thereafter	2,984
	$65,462

(9) Borrowings

We have an asset-based revolving line of credit of up to $60 million (the "ABL Facility") with Wells Fargo Bank, N.A. The amount available for borrowing at any time under such line of credit is determined according to a borrowing base valuation of eligible account receivables, which was $48.6 million at December 31, 2014. The ABL Facility provides for borrowings in the United States, the Netherlands, the United Kingdom and Germany and matures on May 7, 2017. As of December 31, 2014, we had $11.4 million of borrowings outstanding under the ABL Facility. We expect our borrowings to fluctuate based on our working capital needs. Our obligations under the ABL Facility are guaranteed by us and are secured by substantially all of our U.S., Netherlands, United Kingdom, and German assets. There are no specific financial covenants required under the ABL Facility at December 31, 2014.

Under the ABL Facility, U.S. borrowings accrue interest at a rate of the London interbank offered rate ("LIBOR") plus a margin ranging from 225 to 275 basis points , or, at our option, a base rate equal to the greatest of (a) the Federal Funds Rate plus 0.50%, (b) LIBOR plus 1%, and (c) the "prime rate" set by Wells Fargo plus a margin ranging from 125 to 175 basis points. All foreign borrowings accrue interest at a rate of LIBOR plus a margin ranging from 225 to 275 basis points, plus certain fees related to compliance with European banking regulations. The interest rates applicable to borrowings under the ABL Facility are subject to increase during an event of default. We are also required to pay an unused line fee ranging from 0.375% to 0.50% annually on the unused portion of the ABL Facility. During the year ended December 31, 2014, our weighted average interest rate on our outstanding borrowing under the ABL Facility was 4.05%.

The ABL Facility can be prepaid in whole or in part at any time. The ABL Facility must be repaid to the extent that any borrowings exceed the maximum availability allowed under the ABL Facility. The ABL Facility also includes a number of business covenants, including customary limitations on, among other things, indebtedness, liens, investments, guarantees, mergers, dispositions, acquisitions, liquidations, dissolutions, issuances of securities, payments of dividends, loans and advances, and transactions with affiliates. We were in compliance with all such covenants at December 31, 2014.

Wells Fargo will take dominion over our U.S. cash and cash receipts and will automatically apply such amounts to the ABL Facility on a daily basis if (i) an event of default has occurred and is continuing, (ii) less than 30% of the ABL Facility or less than $18 million is available for borrowing under the ABL Facility for 5 consecutive days, or (iii) less than 25% of the ABL Facility or less than $15 million is available for borrowing under the ABL Facility at any time. Wells Fargo will continue to exercise dominion over our U.S. cash and cash receipts until (1) no event of default is continuing and (2) at least 30% of the ABL Facility and a minimum of $18 million have been available for borrowing under the ABL Facility for 30 consecutive days. In addition, at all times during the term of the ABL Facility, Wells Fargo will have dominion over the cash of the United Kingdom, Dutch and German borrowers when a balance is outstanding to those entities and will automatically apply such amounts to the ABL Facility on a daily basis. As a result, if we have any outstanding borrowings that are subject to the bank's dominion, such amounts will be classified as a current liability on our balance sheet. At December 31, 2014, we had no foreign borrowings that were subject to the bank's dominion.

The ABL Facility generally contains customary events of default for credit facilities of this type, including nonpayment, material inaccuracy of representations and warranties, violation of covenants, default of certain other agreements or indebtedness, bankruptcy, material judgments, invalidity of the ABL Facility or related agreements, and a change of control.

In connection with the ABL Facility, we capitalized debt issuance costs that we are amortizing to interest expense over the terms of the borrowing arrangements. At December 31, 2014, the balance of unamortized debt fees was $1.3 million.

The carrying value of the outstanding borrowings under the ABL Facility approximates its fair value as (1) it is based on a variable rate that changes based on market conditions and (2) the margin applied to the variable rate is based on our credit

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risk, which has not changed materially since entering into the facility in May 2012. If our credit risk were to change, we would estimate the fair value of our borrowings using discounted cash flow analysis based on current rates obtained from the lender for similar types of debt. The inputs used to establish the fair value of the ABL Facility are considered to be level 2 inputs, which include inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Long-Term Debt — Long-term debt consisted of the following:

	December 31,	
	2014	2013
	(In thousands)	
Total bank debt - Revolving credit facility	$11,402	$—
Capital lease obligations	—	53
Total debt	11,402	53
Less current portion	—	53
Long-term debt	$11,402	$—

Maturities — Maturities of bank debt were determined to be as follows:

	Amount Maturing
	(In thousands)
2015	$—
2016	—
2017	11,402
	$11,402

(10) Financial Instruments

We are exposed to certain risks related to our ongoing business operations. From time to time, we may choose to use derivative instruments to manage certain risks related to foreign currency exchange rates and interest rates.

During 2014, we entered into various foreign currency forwards related to intercompany transactions denominated in a foreign currency. These forwards allow us to manage our foreign currency exposure with respect to the the euro, the Indian Rupee, the pound sterling, the Norwegian krone, the Swedish krona, and the Australian Dollar. The duration of these contracts generally ranges from one to three months and we are generally entering into new contracts on a monthly basis. We have not elected hedge accounting for these derivatives. During 2014, we had a net gain on our foreign currency forward contracts of approximately $1.0 million which is included in "other income (expense)" on the Consolidated Statement of Operations. Each forward is recognized as either an asset or liability on our Consolidated Balance Sheets at fair value and is presented in either "prepaid expenses and other current assets" or "other accrued expenses and liabilities," as applicable. All cash flows associated with these forward instruments are classified as operating cash flows in our Consolidated Statement of Cash Flows.

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The following table summarizes our outstanding foreign currency forward contracts at December 31, 2014:

Currency Purchased Forward	Currency Sold Forward	Maturity Date
NOK 29,000,000	EUR 3,212,513	1/30/2015
USD 6,000,000	EUR 4,951,312	1/30/2015
USD 6,000,000	EUR 4,836,759	1/30/2015
GBP 3,300,000	EUR 4,225,352	1/30/2015
AUD 2,000,000	EUR 1,343,815	1/30/2015
EUR 1,100,000	SEK 10,366,620	1/30/2015
INR 380,577,000	USD 6,000,000	1/30/2015
INR 108,099,880	EUR 1,400,000	1/30/2015

(11) Other Income (Expense)

Other income (expense), net consisted of the following:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Interest income	$536	$857	$618
Foreign exchange losses, net	(1,985)	(16)	(462)
Other	64	—	103
Other income (expense), net	$(1,385)	$841	$259

(12) Income Taxes

Income tax expense from continuing operations consists of the following:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Current:			
Federal	$2	$(496)	$36
State and local	(79)	70	280
Foreign	3,096	4,148	5,816
	3,019	3,722	6,132
Deferred:			
Federal	3,824	3,396	4,528
State and local	209	611	647
Foreign	(1,117)	(1,301)	(283)
	2,916	2,706	4,892
Income tax expense	$5,935	$6,428	$11,024

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U.S. and foreign income (loss) from continuing operations before income taxes are as follows:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
United States	$(1,600)	$(3,487)	$(5,058)
Foreign	(11,222)	2,308	12,009
Income (loss) before income taxes	$(12,822)	$(1,179)	$6,951

U.S. and foreign income tax expense are as follows:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
United States	$3,956	$3,581	$5,491
Foreign	1,979	2,847	5,533
Income tax expense	$5,935	$6,428	$11,024

Income tax expense differs from the amounts computed by applying the statutory U.S. Federal income tax rate to income (loss) before income taxes as a result of the following:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Income tax expense (benefit) at the federal statutory rate of 35%	$(4,488)	$(413)	$2,433
Increase (decrease) resulting from:			
State income taxes, net of federal income tax benefit	95	443	927
Non-deductible other costs	2,623	1,329	1,678
Valuation allowance	6,200	6,752	8,039
Foreign cash repatriation	(530)	(2,783)	—
Impact of foreign tax	(5,719)	(1,002)	(2,347)
Provision for uncertain tax position	8,621	2,208	1,064
Other	(867)	(106)	(770)
Income tax expense	$5,935	$6,428	$11,024

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The components of the net deferred tax asset or liability are as follows:

	December 31, 2014	2013
	(In thousands)	
Deferred tax assets:		
Accrued expenses	$10,741	$9,904
Federal tax credit carryforwards	16,944	15,837
U.S. net operating loss ("NOL") carryforwards	18,452	13,206
Foreign NOL carryforwards	8,818	7,500
Other	5,714	6,445
Total gross deferred tax assets	60,669	52,892
Less valuation allowance	(56,942)	(51,160)
Deferred tax assets, net	3,727	1,732
Deferred tax liabilities:		
Goodwill	(27,947)	(23,914)
Other	(1,830)	(883)
Total gross deferred tax liabilities	(29,777)	(24,797)
Net deferred tax liability	$(26,050)	$(23,065)

Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against net deferred tax assets. We are required to estimate income taxes in each jurisdiction where we operate. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatment of items. These differences result in deferred tax assets and liabilities, which are included in the Consolidated Balance Sheets. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent recovery is believed unlikely, we establish a valuation allowance. Changes in the valuation allowance for deferred tax assets impact our income tax expense during the period.

The establishment of a valuation allowance does not impair our ability to utilize the deferred tax assets, such as net operating loss and tax credit carryforwards, upon achieving sufficient profitability. As we generate domestic taxable income in future periods, we do not expect to record significant related domestic income tax expense until the valuation allowance is significantly reduced. As we are able to determine that it is more likely than not that we will be able to utilize the deferred tax assets, we will reduce our valuation allowance. At December 31, 2014, we have Federal net operating loss ("NOL") and Federal tax credit carryforwards of approximately $45 million and $21 million, respectively. U.S. NOL carryforwards of $2 million begin to expire in 2022 while the remaining NOL carryforwards do not begin to expire until 2031. Our Federal tax credit carryforwards are subject to certain annual usage limits, but do not begin to expire until 2025. At December 31, 2014, we also have approximately $51 million of foreign NOL carryforwards. We have recorded a valuation allowance for most all of our foreign NOL carryforwards, as we do not believe it is more likely than not that we will utilize them. Approximately 54% of the foreign NOL carryforwards may expire.

At December 31, 2014, we estimate the undistributed earnings and profits of our foreign subsidiaries that would be subject to U.S. taxes totaled approximately $41 million. Quantification of the U.S. deferred tax liability associated with indefinitely reinvested earnings and profits is not practicable.

We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when based upon the technical merits, it is "more-likely-than-not" that the tax position will be sustained upon examination. The changes in the balance of our unrecognized tax benefits were as follows:

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	Unrecognized Tax Benefits (In thousands)
Balance at January 1, 2012	$6,528
Increases related to prior year tax positions	108
Increases related to current year tax positions	1,103
Decreases related to settlements with tax authorities	(2,118)
Lapse of statute of limitations	(147)
Balance at January 1, 2013	5,474
Increases related to prior year tax positions (net)	51
Increases related to current year tax positions	2,157
Balance at December 31, 2013	7,682
Increases related to prior year tax positions (net)	71
Increases related to current year tax positions	7,116
Balance at December 31, 2014	$14,869

Our unrecognized tax benefits totaled $14.9 million at December 31, 2014. During 2014, the significant fluctuation in the Euro to the U.S. dollar conversion rate reduced the overall outstanding liability by $1.4 million, this has been netted against the current year increase. If recognized, all of these benefits would affect our future income tax expense, prior to the impact of any related valuation allowance. We believe that it is not reasonably possible that any significant unrecognized tax benefits will be released in the next twelve months. Note that the amounts recorded for our unrecognized tax benefits represent management estimates, and actual results could differ which would impact our effective tax rate. Interest and penalties related to income tax liabilities are included in income tax expense in the consolidated statements of operations. We have not recorded a material amount of interest and penalties during 2014, 2013, and 2012.

We file a U.S. Federal income tax return and tax returns in nearly all U.S. states, as well as in numerous foreign jurisdictions. We are routinely subject to examination by various domestic and foreign tax authorities. The outcome of tax audits is always uncertain and could result in cash tax payments that could be material. Additionally, tax audits may take long periods of time to ultimately resolve. We do not believe the outcome of any tax audits at December 31, 2014, will have a material adverse effect on our consolidated financial position or results of operations. With limited exception, we are no longer subject to U.S. Federal and state income tax audits for years through 2010. Our most significant foreign operations and the most recent year for which they are no longer subject to tax examination are as follows: Germany-2009; India-2008; Netherlands-2010; Norway-2003; and the UK-2012.

(13) 401(k) Savings Plan

Almost all of our U.S. employees are eligible to participate in our 401(k) savings plan. We match a portion of the employees' contribution and the vesting of this matching contribution occurs over six years. Forfeitures reduce our matching contributions. We record forfeitures when a participant's employment ends. We recorded expense of $1.3 million, $1.3 million and $1.0 million in 2014, 2013 and 2012, respectively, related to this plan.

(14) Shareholders' Equity

Share-Based Compensation — On April 27, 2004, our shareholders approved the adoption of the Ciber, Inc. 2004 Incentive Plan (the "2004 Plan"). To date, 20,350,000 shares of Ciber, Inc. common stock have been authorized for issuance under the 2004 Plan. The Compensation Committee of the Board of Directors may grant restricted stock, stock options, performance units or any combination thereof, to officers, employees and consultants and determines the number, nature and vesting of such awards. As of December 31, 2014, there were 7,513,976 shares available for future grants under the 2004 Plan.

On November 9, 2010, the Board of Directors adopted a new non-employee director compensation program effective January 1, 2011. Under the new program, upon election or appointment to the Board of Directors, non-employee directors are granted restricted stock units ("RSUs") valued at $100,000 of our common stock (the "initial grant") and non-employee directors are granted RSUs valued at $100,000 of our common stock annually (the "annual grant"). The initial grant and annual grant vest in equal quarterly installments over a period of three years and one year, respectively. Compensation expense for equity grants to non-employee directors was approximately $842,000, $558,000, and $517,000 for the years ended December 31, 2014, 2013, and 2012, respectively, and is included in our total recorded share-based compensation costs.

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In September 2014, we made an inducement grant of 815,217 options and 804,721 RSUs to our new president and chief executive office, Michael Boustridge, as well as 150,000 RSUs to our new chief administrative officer, Tina Piermarini. The above option inducement grant was granted with an exercise price equal to the market value of our common stock on the date of issuance. These grants were made outside of the 2004 Plan and are not subject to shareholder approval.

The table below summarizes the amounts recorded in the Consolidated Statements of Operations for share-based compensation:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Share-based compensation costs — continuing operations	$11,405	$11,746	$7,282
Share-based compensation costs — discontinued operations	—	—	269
Total share-based compensation costs included in consolidated net loss	$11,405	$11,746	$7,551

Options

Options granted under the 2004 Plan generally have an exercise price that is equal to the market value of our common stock on the date of issuance. We did not grant any options under the 2004 Plan during 2014 or 2013. Options granted during 2012 under the 2004 Plan are subject to a six months cliff and graded vesting thereafter over 2.5 years. In general, graded vesting under the 2004 Plan ranges from two to three years, as determined at the date of grant by the Board of Directors, with the exception of some options granted to employees of our International segment, which may be fully vested on the grant date. Additionally, options granted under the 2004 Plan have contractual terms ranging from four to 10 years, but all 2004 Plan options must expire no later than 10 years from the grant date. Options granted in 2012 under 2004 Plan have a contractual term of seven years.

As mentioned above, we made an inducement option grant to our new CEO in September of 2014. These options vest monthly over 2.5 years and expire after 7 years. The exercise price is equal to our common stock on the date of issuance.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing method. Compensation costs related to options with graded vesting are recognized on a straight-line basis over the vesting period, unless a tranche vests immediately, in which case compensation costs are expensed ratably. The expected life for options with a contractual life of 10 years is derived from historical data pertaining to option exercises and employee terminations. The expected life for options with a contractual life of less than 10 years is derived using the SEC's "simplified method," as we do not have sufficient historical data pertaining to options with contractual lives of less than 10 years upon which to base an expected term assumption. Expected volatilities are based on historical volatility of our common stock. The risk-free interest rate is derived from the U.S. Treasury yields in effect at the time of grant and the dividend yield is based on historical experience and expected future changes.

A summary of the weighted average assumptions used to value options granted and the grant date fair value follows:

	Year Ended December 31,			
	2014		2012	
Expected life (in years)	4.4		4.4	
Risk-free interest rate	1.43	%	0.63	%
Expected volatility	52	%	70	%
Dividend yield	0	%	0	%
Fair value	$1.59		$2.13	

A summary of stock option activity for 2014 is presented below:

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	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
	(In thousands, except per share amounts or as otherwise disclosed)			
Outstanding at January 1, 2014	5,377	$4.33		
Granted	815	$3.68		
Exercised	(1,268)	$3.46		
Expired or canceled	(1,080)	$6.89		
Forfeited	(90)	$3.41		
Outstanding at December 31, 2014	3,754	$3.76	2.93	$1,305
Vested and expected to vest at December 31, 2014	3,654	$3.77	2.82	$1,303
Exercisable at December 31, 2014	2,938	$3.80	1.94	$1,262

The total intrinsic value of options exercised (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) was $1.2 million, $0.5 million, and $0.3 million during the years ended December 31, 2014, 2013, and 2012, respectively.

RSUs

RSUs granted during the last three fiscal years under the 2004 Plan are generally subject to vesting over a period of one to three years, with both cliff and graded vesting, as determined at the date of grant by the Board of Directors. The fair value of the RSUs, equivalent to the Company's stock price at the date of grant, is recognized on a straight-line basis over the vesting period, unless a tranche vests immediately, in which case compensation costs are expensed ratably.

A summary of RSU activity for 2014 is presented below:

	Number of RSUs	Weighted Average Grant Date Fair Value
	(In thousands, except per share amounts)	
Nonvested shares outstanding at January 1, 2014	2,749	$4.09
Granted	3,770	$4.09
Vested	(2,298)	$4.19
Forfeited	(876)	$4.20
Nonvested shares outstanding at December 31, 2014	3,345	$3.98

The total fair value of RSUs that vested during the years ended December 31, 2014, 2013, and 2012, was $9.7 million, $6.8 million, and $2.9 million, respectively.

As of December 31, 2014, there was approximately $12.2 million of total unrecognized compensation cost related to the nonvested stock options and RSUs disclosed in the tables above. That cost is expected to be recognized over a weighted average period of 2.4 years.

At December 31, 2014, there were 14,613,642 shares of Ciber common stock reserved for share-based awards outstanding or available for future grants under our share-based plans.

Employee Stock Purchase Plan — Under our Employee Stock Purchase Plan ("ESPP"), which is a non-qualified plan, substantially all employees may elect to contribute up to 10% of their compensation during one calendar year, or a maximum of $10,000. Our ESPP allows eligible employees to purchase shares of our common stock at a price equal to 95% of fair market value on the last day of the applicable three-month offering period. The Company records no compensation cost for our ESPP. We issued approximately 184,000, 206,000, and 281,000 shares in 2014, 2013, and 2012, respectively, under our ESPP.

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Share Buyback Program — On December 11, 2014, we announced a plan to buyback up to $10 million shares of our stock on the open market. The program has no minimum share repurchase amounts and there is no fixed time period under which any share repurchases must take place. As of December 31, 2014, no shares had been repurchased under this plan.

Shelf Registration Statements on Form S-4 — At December 31, 2014, we had two effective registration statements on Form S-4, under which together approximately 13,469,000 shares of our common stock remained available. The shares available under either one of these registration statements may be used by Ciber from time to time in connection with future business combinations.

Stock Purchase Rights — Pursuant to our Rights Agreement, dated August 31, 1998, Ciber, Inc. paid a dividend of one preferred stock purchase right (a "Right") for each outstanding share of Ciber, Inc. common stock ("Common Stock") on September 21, 1998. A Right is also attached to all shares of Common Stock issued after the dividend date. On May 2, 2008, we amended and restated our original Rights Agreement. Under the Amended Rights Agreement, each shareholder of the Company holds one Right for each share of Common Stock held. The Rights generally become exercisable only in the event that an acquiring party accumulates 15% or more of our outstanding Common Stock. Each Right entitles the registered holder to purchase one thousandth of a share of Series A Junior Participating Preferred Stock of Ciber, Inc., par value $0.01, at a purchase price of $37.00, subject to the conditions set forth in the Amended Rights Agreement. If this were to occur, subject to certain exceptions, each Right (except for the Rights held by the acquiring party) would allow its holder to purchase Common Stock with a value equal to twice the exercise price of the Right. In the event that, after an acquiring party has accumulated 15% or more of our outstanding Common Stock, the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets, cash flow or earning power are sold, each unexercised Right (except for the Rights held by the acquiring party) would thereafter allow its holder to purchase stock of the acquiring company (or our Common Stock if it is the surviving company to the transaction) with a value equal to twice the purchase price of the Right. If the Rights were fully exercised, the shares issued would cause substantial dilution to the acquiring party or the shareholders of the acquiring company. The Amended Rights Agreement provides a period of time during which we may redeem the Rights, in whole or in part at a price of $0.001 per Right, such that this period will end on the earlier of (i) the tenth business day following the date a person or group becomes the beneficial owner of 15% or more of the Common Stock or (ii) the final expiration date of the Rights, which is May 2, 2018.

(15) Restructuring Charges

2014 Plan

On July 25, 2014, we approved a restructuring plan focused on the implementation of a go-to-market model, realigning the organization and improving our near and offshore delivery mix ("the 2014 Plan"). The 2014 Plan commenced in the third quarter of 2014 and we expect it to be completed in the third quarter of 2015. We expect the 2014 Plan to impact approximately 280 people. We estimate the total amount of the restructuring charges for the 2014 Plan will be approximately $27 million, substantially all of which will be settled in cash. The total estimated restructuring expenses include approximately $20 million related to employee severance and related benefits and approximately $7 million related to professional fees, office closures and other expenses.

The changes in our 2014 Plan restructuring liabilities, which are primarily recorded in other accrued expenses, during 2014, are as follows:

	Employee Severance and	Professional Fees, Office Closures	Total

	Termination and Other (In thousands)		
Restructuring liability, as of January 1, 2014	$—	$—	$—
Restructuring charge	19,292	5,175	24,467
Non-cash items	(220)	(77)	(297)
Cash paid	(3,630)	(3,898)	(7,528)
Foreign exchange rate changes	(290)	—	(290)
Restructuring liability, as of December 31, 2014	$15,152	$1,200	$16,352

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Restructuring charges by segment are as follows:

	Year ended December 31, 2014	Total Anticipated Charges
	(In thousands)	
North America	$ 1,011	$ 1,011
International	17,831	18,400
Other	314	314
Corporate	5,311	7,189
Total	$ 24,467	$ 26,914

2013 Plan

On July 30, 2013, we approved a restructuring plan primarily focused on our International operations ("the 2013 Plan"). The goal of the 2013 Plan was to improve utilization, strategically engage our lower-cost off-shore and near-shore resources, and centralize management of administrative functions in key markets to leverage shared services functions. The actions of this plan impacted approximately 250 employees. We have completed all activities associated with the 2013 Plan. The charges associated with the 2013 Plan were substantially all related to personnel severance and related employee benefit costs.

The changes in our 2013 Plan restructuring liabilities, which are recorded in other accrued expenses, during 2014 are as follows:

	(In thousands)
Restructuring liability, as of January 1, 2013	$—
Restructuring charges	13,421
Non-cash items	(137)
Cash paid	(5,990)
Foreign exchange rate changes	160
Restructuring liability, as of January 1, 2014	7,454
Restructuring charges	(701)
Non-cash items	17
Cash paid	(6,677)
Foreign exchange rate changes	(93)
Restructuring liability, as of December 31, 2014	$—

Restructuring charges by segment are as follows:

	Year ended December 31, 2014	Plan to Date
	(In thousands)	
North America	$ (112)	$ 548
International	(722)	11,394
Other	(7)	57
Corporate	140	721
Total	$ (701)	$ 12,720

2012 Plan

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On November 5, 2012, we approved a company restructuring plan ("the 2012 Plan"). In the third quarter of 2013, all restructuring actions associated with this plan were completed. Although we have completed all activities associated with the 2012 Plan, our lease-related office closure costs are subject to estimate and as such our actual restructuring charges may differ from our current estimates. In the second and fourth quarter of 2014, we incurred additional charges related to adjusting our sublease estimates.

The changes in our restructuring liabilities, which are recorded in other accrued expenses, during 2012, 2013, and 2014 are as follows:

	Employee Severance and Termination	Office Closures	Total
	(In thousands)		
Restructuring liability, as of January 1, 2012	$—	$—	$—
Restructuring charges	6,517	1,464	7,981
Non-cash items	(743)	68	(675)
Cash paid	(2,218)	—	(2,218)
Restructuring liability, as of January 1, 2013	3,556	1,532	5,088
Restructuring charges	370	3,132	3,502
Non-cash items	—	510	510
Cash paid	(3,851)	(2,421)	(6,272)
Foreign exchange rate changes	(75)	17	(58)
Restructuring liability, as of January 1, 2014	—	2,770	2,770
Restructuring charges	—	2,466	2,466
Non-cash items	—	—	—
Cash paid	—	(3,532)	(3,532)
Foreign exchange rate changes	—	(10)	(10)
Restructuring liability, as of December 31, 2014	$—	$1,694	$1,694

Restructuring charges by segment are as follows:

	Year ended December 31, 2014	Plan to Date (1)
	(In thousands)	
North America	$(3)	$1,702
International	1,771	8,851
Corporate (2)	698	3,396
Total	$2,466	$13,949

(1) Our restructuring charges, particularly lease-related office closure costs, are subject to estimate. If we are unable to find tenants for vacated offices or sub-lease terms are different from our estimates, our actual restructuring charges will differ from our current estimates.
(2) 2012 corporate restructuring charges consist of share-based compensation expenses associated with severance for employees in our International division. Share-based compensation is not charged to operating divisions, but rather is recorded as part of our corporate expenses. 2013 and 2014 corporate restructuring charges include costs for administrative facility consolidation.

(16) Segment Information

Excluding discontinued operations, our operating divisions for 2014 consisted of International and North America. All prior period segment data has been adjusted to conform to the 2014 presentation.

We evaluate our divisions' results of operations based on operating income before amortization of intangible assets and restructuring charges. We do not track our assets by operating segments. Consequently, it is not practical to show assets by operating segment. The accounting policies of our divisions are the same as those disclosed in the Summary of Significant

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Accounting Policies in Note 1, except for share-based compensation. Share-based compensation is not charged to operating divisions, but rather is recorded as part of our corporate expenses.

In 2014, the Germany and the Netherlands comprised approximately 14% and 12% of our consolidated revenue, respectively.

The following presents financial information about our reporting segments:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Revenues:			
International	$441,943	$456,424	$434,193
North America	422,680	423,340	432,832
Other	2,703	3,357	3,109
Inter-segment	(3,719)	(5,828)	(4,537)
Total revenues	$863,607	$877,293	$865,597
Operating income (loss) from continuing operations:			
International	$19,361	$23,390	$23,245
North America	38,972	33,511	30,169
Other	192	315	446
Corporate expenses	(41,899)	(39,774)	(32,005)
Unallocated results of discontinued operations	—	—	(562)
Operating income from continuing operations before amortization and restructuring	16,626	17,442	21,293
Amortization of intangible assets	(192)	—	(644)
Restructuring charges	(26,232)	(16,923)	(7,981)
Total operating income (loss) from continuing operations	$(9,798)	$519	$12,668

Our revenue by location is as follows:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Total foreign revenue (1)	$452,519	$464,115	$444,253
Total domestic revenue (1)	$411,088	$413,178	$421,344
Netherlands (2)	$104,163	$121,875	$120,325
Germany (2)	$120,535	$111,779	$104,007

(1) Represents sales to all foreign/domestic clients based on client locations.
(2) Represents revenues based on Ciber locations.

Long-lived assets by location are as follows:

	December 31,	
	2014	2013
	(In thousands)	
Total foreign long-lived assets (1)	$148,309	$160,881
Total domestic long-lived assets (2)	$139,912	$139,365

(1) This balance includes $133.9 million and $148.0 million of goodwill as of December 31, 2014 and 2013, respectively.
(2) This balance includes $133.7 million of goodwill as of December 31, 2014 and 2013.

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(17) Supplemental Statement of Cash Flow Information

Supplemental statement of cash flow information is as follows:

	Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Cash paid for interest	$972	$1,974	$5,655
Cash paid for income taxes, net	$4,444	$5,714	$6,182

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(18) Selected Quarterly Financial Information (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	(In thousands, except per share amounts)				
Year ended December 31, 2014					
Revenues	$218,011	$214,646	$211,306	$219,644	$863,607
Gross profit	56,571	54,556	54,852	56,687	222,666
Operating income (loss) from continuing operations	7,033	(2,412)	(18,426)	4,007	(9,798)
Net income (loss) from continuing operations	4,066	(5,169)	(20,784)	3,130	(18,757)
Loss from discontinued operations, net of income tax	(142)	(288)	(47)	(315)	(792)
Net income (loss) attributable to Ciber, Inc.	3,919	(5,467)	(20,851)	2,795	(19,604)
Basic and diluted earnings (loss) per share attributable to Ciber, Inc.:					
Continuing operations	$0.05	$(0.07)	$(0.27)	$0.04	$(0.24)
Discontinued operations	—	—	—	—	(0.01)
Basic and diluted earnings (loss) per share attributable to Ciber, Inc.	$0.05	$(0.07)	$(0.27)	$0.04	$(0.25)
Year Ended December 31, 2013					
Revenues	$219,541	$220,395	$215,057	$222,300	$877,293
Gross profit	55,226	56,038	54,062	57,731	223,057
Operating income (loss) from continuing operations	4,786	5,035	(13,469)	4,167	519
Net income (loss) from continuing operations	1,449	2,935	(13,513)	1,522	(7,607)
Income (loss) from discontinued operations, net of income tax	18	(4,555)	(952)	(1,435)	(6,924)
Net income (loss) attributable to Ciber, Inc.	1,613	(1,766)	(14,469)	102	(14,520)
Basic and diluted earnings (loss) per share attributable to Ciber, Inc.:					
Continuing operations	$0.02	$0.04	$(0.18)	$0.02	$(0.10)
Discontinued operations	—	(0.06)	(0.01)	(0.02)	(0.09)
Basic and diluted earnings (loss) per share attributable to Ciber, Inc.	$0.02	$(0.02)	$(0.19)	$—	$(0.19)

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures - During the fiscal period covered by this report, our management, with the participation of our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting - Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Ciber's internal control systems were designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principals. All internal control systems, no matter how well designed, have inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014, based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2014.

The attestation report on our internal control over financial reporting as of December 31, 2014, issued by Ernst & Young LLP, the independent registered public accounting firm who also audited our consolidated financial statements, is included following this Item 9A.

Changes in Internal Controls - There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ending December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We continue to monitor the effectiveness of our internal controls and make necessary modifications to our processes and testing as appropriate on an on-going basis.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Ciber, Inc.

We have audited Ciber, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Company'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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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, the Company maintained, in all material respects, effective internal control over financial reporting as of December, 31, 2014, based on the COSO criteria.
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2014 and our report dated February 20, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 20, 2015

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Item 9B. Other Information

Not applicable.

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Part III

The information required by Part III is omitted from this Report on Form 10-K because the Registrant will file a definitive proxy statement for its 2015 Annual Meeting of Shareholders scheduled for May 6, 2015 (the "2015 Proxy Statement"), within 120 days after December 31, 2014, and certain information included therein is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

Corporate Governance Matters

We have a Code of Business Conduct and Ethics (the "Code") that applies to our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions. The code can be found on our website (www.ciber.com). We also have Corporate Governance Guidelines and charters for the Audit, Compensation, and Nominating/Corporate Governance Committees of our Board of Directors. These Guidelines and Charters can also be found on our website. Certain amendments or waivers to our Code will be disclosed as necessary on our website as required by SEC rules. Additionally, copies of our Code and Corporate Governance Guidelines, as well as the Charters for the various Committees of the Board of Directors are available in print, free of charge, to any shareholder that requests them.

Because our common stock is listed on the New York Stock Exchange (the “NYSE”), our chief executive officer is required to make, and will make, an annual certification to the NYSE stating that he was not aware of any violation by us of the corporate governance listing standards of the NYSE. Our chief executive officer will make his annual certification to that effect to the NYSE within the 30-day period following our 2015 Annual Meeting of Stockholders. Additionally, the Company's chief executive officer and chief financial officer certifications required by Section 302 of the Sarbanes-Oxley Act are included as Exhibits 31.1 and 31.2 in this Annual Report on Form 10-K.

The additional information required by this item is incorporated by reference from Ciber's 2015 Proxy Statement.

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Item 11. Executive Compensation

The information required by this item is incorporated by reference from the sections captioned "Executive Compensation" and "Corporate Governance Practices" in Ciber's 2015 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item is incorporated by reference from the sections captioned "Equity Compensation Plans" and "Security Ownership of Certain Beneficial Owners and Management" in Ciber's 2015 Proxy Statement.

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

The information required by this item is incorporated by reference from the sections captioned "Certain Relationships and Related Party Transactions" and "Corporate Governance Practices" in Ciber's 2015 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference from the section captioned "Independent Registered Public Accounting Firm" in Ciber's 2015 Proxy Statement.

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Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements

The following financial statements are filed as part of this report:

(2) Financial Statement Schedules

All schedules are omitted, either because they are not applicable or because the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits

The Exhibits filed as part of this Annual Report on Form 10-K are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference.

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Date Filed
2.1	Asset Purchase Agreement by and between Ciber, Inc. and CRGT Inc., dated January 21, 2012	8-K	001-13103	1/23/2012
2.2	Asset Purchase Agreement by and between Ciber, Inc. and Savvis Communications Corporation, dated July 28, 2012	10-Q	001-13103	8/7/2012
3.1	Restated Certificate of Incorporation of Ciber, Inc.	10-Q	001-13103	11/7/2005
3.2	Amended and Restated Bylaws of Ciber, Inc., as adopted February 15, 2001; Amendment to the Amended and Restated Bylaws of Ciber, Inc., as adopted February 18, 2003; Amendment to the Amended and Restated Bylaws of Ciber, Inc., as adopted May 3, 2005; Amendment to the Amended and Restated Bylaws of Ciber, Inc., as adopted February 25, 2009	10-K	001-13103	3/5/2009
3.3	Amendment to the Amended and Restated Bylaws of Ciber, Inc., as adopted June 2, 2010	10-Q	001-13103	8/5/2010
4.1	Form of Common Stock Certificate	S-1	33-74774	2/2/1994
4.2	First Amended and Restated Rights Agreement, dated as of May 2, 2008, between Ciber, Inc. and Wells Fargo Bank, National Association.	8-A/A	001-13103	5/2/2008
10.1*	Form of Change of Control Agreement adopted as of February 18, 2003	10-K	001-13103	3/27/2003
10.2*	Form of Indemnification Agreement adopted as of February 18, 2003	10-K	001-13103	3/27/2003
10.3*	Employment Agreement, dated July 1, 2010, between Ciber, Inc. and David Peterschmidt	8-K	001-13103	7/1/2010
10.4*	Ciber Non-Qualified Option Agreement, dated July 1, 2010, between Ciber, Inc. and David Peterschmidt	8-K	001-13103	7/1/2010
10.5*	Letter Agreement, effective as of June 16, 2011, between Ciber, Inc. and Bobby G. Stevenson	8-K	001-13103	6/17/2011
10.6**	Letter Agreement by and between Ciber, Inc. and CRGT Inc., dated March 9, 2012	10-K	001-13103	3/12/2012
10.7	Credit Agreement, by and among Ciber, Inc., as U.S. borrower, certain foreign subsidiaries of Ciber, Inc., as European borrowers, Wells Fargo Bank, N.A., as administrative agent, lead arranger, sole arranger, sole book runner and U.K. security trustee, and the lenders from time to time party thereto, dated as of May 7, 2012.	8-K	001-13103	5/8/2012
10.8	Guaranty and Security Agreement, by and among Ciber, Inc. and certain subsidiaries of Ciber, Inc., in favor of Wells Fargo Bank, N.A., in its capacity as administrative agent, dated May 7, 2012.	8-K	001-13103	5/8/2012
10.9*	Offer Letter from Ciber, Inc. to Anthony Fogel dated February 14, 2012	8-K	001-13103	4/5/2013
10.10*	Employment and Confidentiality Agreement between Ciber, Inc., and Anthony S. Fogel dated as of February 14, 2012	8-K	001-13103	4/5/2013
10.11*	Employment and Confidentiality Agreement between CIBER, Inc. and R. Bruce Douglas dated as of October 4, 2011	8-K	001-13103	4/8/2013
10.12		10-Q	001-13103	4/30/2013

	Amendment No. 2 to Wells Fargo Credit Agreement, dated March 26, 2013			
10.13*	Ciber, Inc. 2004 Incentive Plan, as amended May 8, 2013	10-Q	001-13103	7/31/2013
10.14*	Employment and Confidentially Agreement between Ciber Inc. and Michael E. Lehman dated September 24, 2013	10-Q	001-13103	10/29/2013
10.15*	Mutual Release of Claims between Ciber Inc. and Richard A. Genovese dated January 1, 2014	10-K	001-13103	2/18/2014
10.16*	Employment and Confidentially Agreement between Ciber Inc. and Christian M. Mezger dated June 10, 2013	10-K	001-13103	2/18/2014
10.17	Settlement agreement between Ciber, Inc. and Lone Star Value Management, LLC dated April 11, 2014	8-K	001-13103	4/11/2014
10.18*	Employment agreement between Christian Mezger and Ciber, Inc. dated April 14, 2014.	10-Q	001-13103	4/29/2014
10.19*	Employment agreement between David Peterschmidt and Ciber, Inc. dated March 25, 2014	10-Q	001-13103	4/29/2014
10.20*	Release of Claims between Ciber, Inc. and David Peterschmidt.	10-Q	001-13103	7/29/2014
10.21*	Employment Agreement between Michael Boustridge and Ciber, Inc. dated June 12, 2014.	10-Q	001-13103	7/29/2014
10.22*	Release of Claims between Ciber, Inc. and Anthony Fogel.	10-Q	001-13103	7/29/2014

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10.23*	Employment Agreement between Tina Piermarini and Ciber, Inc. dated June 13, 2014.	10-Q	001-13103	7/29/2014
10.24*	Michael Boustridge Notice of Grant of Restricted Stock Units and Restrict Stock Unit Agreement	10-Q	001-13103	10/28/2014
10.25*	Michael Boustridge Notice of Grant of Stock Options and Option Agreement	10-Q	001-13103	10/28/2014
10.26*	Tina Piermarini Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement	10-Q	001-13103	10/28/2014
21.1	List of Subsidiaries of Ciber, Inc.		Filed herewith	
23.1	Consent of Independent Registered Public Accounting Firm		Filed herewith	
24	Power of Attorney		Filed herewith	
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		Filed herewith	
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		Filed herewith	
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		Furnished	
101.INS	XBRL Instance Document		Filed herewith	
101.SCH	XBRL Taxonomy Extension Schema Document		Filed herewith	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document		Filed herewith	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document		Filed herewith	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document		Filed herewith	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document		Filed herewith	

* Indicates a management contract or compensatory plan or arrangement.

** The annexes and schedules to the Letter Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any of the annexes or schedules to the U.S. Securities and Exchange Commission upon request.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ciber, Inc.	
By:	/s/ MICHAEL BOUSTRIDGE Michael Boustridge Chief Executive Officer, President, and Director (Principal Executive Officer)
Date:	February 20, 2015

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant on February 20, 2015.

Signature	Title
/s/ MICHAEL BOUSTRIDGE Michael Boustrdige	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ CHRISTIAN M. MEZGER Christian M. Mezger	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
* Paul A. Jacobs	Chairman of the Board and Director
* Richard Coleman	Director
* Jean-Francois Heitz	Director
* Stephen S. Kurtz	Director
* Kurt J. Lauk	Director
* James C. Spira	Director
* Bobby G. Stevenson	Founder and Director
*By:	/s/ M. SEAN RADCLIFFE M. Sean Radcliffe Attorney-in-Fact