CONVERGYS CORP

FORM 10-Q
(Quarterly Report)

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

FORM 10-Q

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

For the quarterly period ended June 30, 2009

☐ **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 1-14379

CONVERGYS CORPORATION
(Exact name of registrant as specified in its charter)

Ohio **(State or other jurisdiction of incorporation or organization)**	**31-1598292** **(I.R.S. Employer Identification No.)**
201 East Fourth Street, Cincinnati, OH **(Address of principal executive offices)**	**45202** **(Zip Code)**

(513) 723-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2009
Common Stock without par value	**122,849,920 shares, excluding amounts held in Treasury of 60,400,073**

CONVERGYS CORPORATION

Form 10-Q
For the Period Ended
June 30, 2009

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS) INCOME
(Unaudited)

(In millions, except per share amounts)	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenues	$682.7	$689.5	$1,377.4	$1,405.9
Costs and Expenses:				
Cost of providing services and products sold	505.9	459.6	948.9	931.6
Selling, general and administrative	161.6	139.7	321.8	289.9
Research and development costs	20.3	11.7	39.5	22.3
Depreciation	30.5	29.1	60.8	57.8
Amortization	3.0	2.0	6.2	3.9
Restructuring charges	—	—	—	14.1
Asset impairment	32.5	—	32.5	—
Total costs and expenses	753.8	642.1	1,409.7	1,319.6
Operating (Loss) Income	(71.1)	47.4	(32.3)	86.3
Equity in Earnings of Cellular Partnerships	10.8	11.3	21.5	18.1
Other Expense, net	(4.4)	(0.8)	(9.8)	(1.9)
Interest Expense	(6.9)	(4.0)	(13.7)	(7.8)
(Loss) Income Before Income Taxes	(71.6)	53.9	(34.3)	94.7
Income Tax (Benefit) Expense	(10.7)	13.4	(1.4)	18.3
Net (Loss) Income	$ (60.9)	$ 40.5	$ (32.9)	$ 76.4
Other Comprehensive (Loss) Income, net of tax:				
Foreign currency translation adjustments	$ 22.8	$ (0.6)	$ 26.4	$ (4.4)
Change related to pension liability	—	(0.8)	—	1.4
Unrealized gain (loss) on hedging activities	30.1	(55.0)	22.6	(78.7)
Total Comprehensive (Loss) Income	$ (8.0)	$ (15.9)	$ 16.1	$ (5.3)
(Loss) Earnings Per Common Share:				
Basic	$ (0.50)	$ 0.33	$ (0.27)	$ 0.61
Diluted	$ (0.50)	$ 0.32	$ (0.27)	$ 0.60
Weighted Average Common Shares Outstanding:				
Basic	122.8	123.0	122.6	125.0
Diluted	122.8	125.3	122.6	127.2

See Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS

(In Millions)	(Unaudited) June 30, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 336.0	$ 240.0
Receivables, net of allowances of $14.5 and $10.8	452.8	523.8
Deferred income tax benefits	75.0	85.8
Prepaid expenses	50.3	36.0
Other current assets	65.0	92.4
Total current assets	979.1	978.0
Property and equipment, net	405.4	420.9
Goodwill, net	1,044.1	1,034.9
Other intangibles, net	59.1	68.8
Investment in Cellular Partnerships	51.9	51.4
Deferred charges	253.6	243.8
Other assets	53.3	43.6
Total Assets	$ 2,846.5	$ 2,841.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Debt maturing within one year	$ 200.7	$ 259.5
Payables, deferred revenue and other current liabilities	527.7	538.7
Total current liabilities	728.4	798.2
Long-term debt	407.1	406.4
Deferred income tax liability	102.3	39.5
Accrued pension liability	141.4	138.2
Deferred revenue	180.9	134.9
Other long-term liabilities	113.6	174.1
Total liabilities	1,673.7	1,691.3
Shareholders' Equity		
Preferred shares – without par value, 5.0 authorized; none outstanding	—	—
Common shares – without par value, 500.0 authorized; 183.2 and 182.8 issued, 122.8 and 122.1 outstanding, as of June 30, 2009 and December 31, 2008, respectively.	1,038.6	1,034.2
Treasury stock – 60.4 shares in 2009 and 60.7 shares in 2008	(1,045.5)	(1,050.0)
Retained earnings	1,267.1	1,302.3
Accumulated other comprehensive loss	(87.4)	(136.4)
Total shareholders' equity	1,172.8	1,150.1
Total Liabilities and Shareholders' Equity	$ 2,846.5	$ 2,841.4

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in Millions)	Six Months Ended June 30, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) Income	$ (32.9)	$ 76.4
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	67.0	61.7
Asset impairment	32.5	—
Deferred income tax expense	(6.7)	42.3
Equity in earnings of Cellular Partnerships	(21.5)	(18.1)
Stock compensation expense	9.2	9.5
Changes in assets and liabilities:		
Change in receivables	90.0	(16.7)
Change in other current assets	22.1	0.4
Change in deferred charges, net	(38.5)	(98.4)
Change in other assets and liabilities	73.8	17.8
Change in payables and other current liabilities	(11.9)	(33.9)
Other, net	(1.5)	1.1
Net cash provided by operating activities	181.6	42.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(45.3)	(49.8)
Proceeds from disposal of property and equipment	—	8.4
Return of capital from Cellular Partnerships	21.0	20.4
Acquisitions, net of cash acquired	(3.1)	(16.4)
Net cash used in investing activities	(27.4)	(37.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments) borrowings of commercial paper and other debt, net	(58.2)	46.9
Purchase of treasury shares	—	(116.6)
Other	—	(0.4)
Net cash used in financing activities	(58.2)	(70.1)
Net increase (decrease) in cash and cash equivalents	96.0	(65.4)
Cash and cash equivalents at beginning of period	240.0	120.3
Cash and cash equivalents at end of period	$336.0	$ 54.9

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions Except Per Share Amounts)
(Unaudited)

(1) BACKGROUND AND BASIS OF PRESENTATION

Convergys Corporation (the Company or Convergys) is a global leader in relationship management. The Company provides solutions that drive value from the relationships its clients have with their customers and employees. Convergys turns these everyday interactions into a source of profit and strategic advantage for the Company's clients. For over 25 years, the Company's unique combination of domain expertise, operational excellence and innovative technologies has delivered process improvement and actionable business insight to clients to enhance their relationship with customers and employees.

The Company reports three segments: (i) Customer Management, which provides agent-assisted services, automated self-service, and technology solutions, (ii) Information Management, which provides business support system and operational support system solutions; and (iii) Human Resources (HR) Management, which provides global human resource business process outsourcing solutions.

These Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for each period shown. All adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in Financial Statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted. Interim Consolidated Financial Statements are not necessarily indicative of the financial position or operating results for an entire year. These interim Consolidated Financial Statements should be read in conjunction with the audited Financial Statements and the Notes thereto included in the Company's Annual Report on Form 10-K for the period ended December 31, 2008.

The Company files annual, quarterly, current reports and proxy statements with the SEC. These filings are available to the public over the Internet on the SEC's web site at http://www.sec.gov and on the Company's web site at http://www.convergys.com. You may also read and copy any document we file with the SEC at its public reference facilities in Washington, D.C. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. You can also inspect reports, proxy statements and other information about Convergys at the offices of the NYSE Euronext, 11 Wall Street, New York, New York 10005.

(2) RECENT ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," (SFAS No. 160) an Amendment to ARB No. 51. SFAS No. 160 applies to all entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company does not have any noncontrolling interests in any of its subsidiaries, and therefore, the adoption of SFAS No. 160 as of January 1, 2009, did not have any impact on the Company's financial position, results of operations or liquidity.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS No. 161). This Standard is intended to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, financial performance and cash flows through enhanced disclosure requirements. SFAS No. 161 is effective for Financial Statements issued for fiscal years and interim periods beginning after November 15, 2008. See Note 15 of the Notes to Consolidated Financial Statements for disclosures related to the adoption of this Standard.

In June 2008, the FASB issued EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" (EITF 03-6-1). This Standard requires the use of the two-class method of

computing earnings per share for companies with participating securities. This Standard considers unvested share-based payment awards that contain rights to receive nonforfeitable dividends during the vesting period to be participating securities. The Company's outstanding Share-Based Payment awards do not allow the participant rights to receive dividends until the award fully vests. The adoption of EITF 03-6-1 beginning January 1, 2009 had no impact on the Company's earnings per share calculation for the periods ended through June 30, 2009.

In December 2008, the FASB issued FASB Staff Position No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (FSP FAS 132 (R)-1). FSP FAS 132 (R)-1 amends FAS 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP FAS 132 (R)-1 is effective for fiscal years ending after December 15, 2009. The Company is currently evaluating the effect FSP FAS 132(R)-1 will have on its disclosures.

In April 2009, the FASB issued FASB Staff Position No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" (FSP FAS 107-1 and APB 28-1). This FSP amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments," to require an entity to provide disclosures about fair value of financial instruments in interim financial information. FSP FAS 107-1 and APB 28-1 is effective for interim periods ending after June 15, 2009. See Note 5 of the Notes to Consolidated Financial Statements for disclosures related to the adoption of this Standard.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Specifically, SFAS No. 165 provides guidance regarding the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009, and shall be applied prospectively. The Company evaluated all events or transactions that occurred after June 30, 2009 through August 4, 2009, the date we issued these financial statements. During this period, the Company did not have any material nonrecognizable subsequent events.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets" (SFAS No. 166). SFAS No. 166 is a revision to SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and will require more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets and requires additional disclosures. SFAS No. 166 will be effective at the start of a reporting entity's first fiscal year beginning after November 15, 2009. Early application is not permitted. The Company will provide the disclosures required by this Standard in the first quarter of 2010.

(3) STOCK-BASED COMPENSATION PLANS

The Company's operating results for the three and six months ended June 30, 2009 included long-term incentive plan expense of $5.7 and $10.2, respectively, compared to $5.7 and $10.2, respectively for the same periods in 2008. Long-term incentive plan expense includes: (a) incentive plan expense that is paid in cash based on relative shareholder return and (b) stock compensation expense. Stock compensation expense for the three and six months ended June 30, 2009 was $5.2 and $9.2, respectively, compared to $5.3 and $9.5, respectively, for the same periods in 2008.

Stock Options

A summary of stock option activity for the six months ended June 30, 2009 is presented below:

Shares in Millions Except Per Share Amounts	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Weighted Average Fair Value at Date of Grant (per share)
Outstanding and exercisable at Jan. 1, 2009	9.3	$ 30.69		
Exercised	—	—		
Forfeited/cancelled	(1.3)	22.51		
Outstanding and exercisable at June 30, 2009	8.0	$ 32.12	1.6	$ 13.25

Restricted Stock Awards

During the first six months of 2009, the Company granted 2.8 million shares of restricted stock units at a weighted average fair value of $7.65. Included in the above were approximately 1.8 million shares of performance-related restricted stock units granted at the fair value of $7.34 per share that vest upon the Company's satisfaction of certain financial performance conditions (relative shareholder return versus the S&P 500 return) as of December 31, 2011. During the six months ended June 30, 2008, the Company granted 1.6 million shares of restricted stock units at a weighted-average fair value of $12.89. Included in the above were approximately 1.2 million shares of performance-related restricted stock units granted at the fair value of $12.08 per share that vest upon the Company's satisfaction of certain financial conditions (relative shareholder return versus the S&P 500 return) as of December 31, 2010.

The Company used a Monte Carlo simulation model to estimate the fair value for performance-based restricted stock units issued during 2009 and 2008. The assumptions used in this model for the awards are noted in the table below. Expected volatilities for the 2009 performance awards are based on historical volatility and daily returns for the three-year period ended January 1, 2009 of the Company's stock and S&P 500 companies. The total stock return for the Company over the performance period is based on comparing Convergys' average closing price from the fourth quarter of 2008 with the average expected closing price for the fourth quarter of 2011. For the 2009 performance awards, the total stock return of the S&P 500 companies is computed by comparing the average closing price of the S&P 500 companies from the fourth quarter of 2008 with the average closing price for the fourth quarter 2011. The risk-free interest rate for the expected term of the award granted is based on the U.S. Treasury yield curve in effect at the time of grant.

	June 30, 2009	June 30, 2008
Expected volatility	52.8%	30.1%
Expected term (in years)	3.0	3.0
Risk-free interest rate	1.2%	2.1%

The total compensation cost related to non-vested restricted stock and restricted stock units not yet recognized as of June 30, 2009 was approximately $28, which is expected to be recognized over a weighted average of 1.5 years. Changes to non-vested restricted stock and restricted stock units for the six months ended June 30, 2009 were as follows:

Shares in Millions Except Per Share Amounts	Number of Shares	Weighted Average Fair Value at Date of Grant
Non-vested at December 31, 2008	3.6	$ 16.82
Granted	2.8	8.10
Vested	(0.6)	(20.89)
Forfeited	(0.7)	(17.40)
Non-vested at June 30, 2009	5.1	$ 12.21

(4) BUSINESS RESTRUCTURING CHARGES

2008 Restructuring

As discussed more fully in the "Restructuring" section of the notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, the Company initiated restructuring plans both in the first and fourth quarters of 2008.

Restructuring liability activity for the 2008 plans consisted of the following:

	2009	2008
Balance at January 1	$ 22.1	$ —
Severance charge	—	14.1
Severance payments	(11.1)	(5.4)
Balance at June 30	$ 11.0	$ 8.7

These severance actions are expected to be completed during 2009.

(5) FAIR VALUE DISCLOSURES

The following table summarizes the Company's assets and liabilities measured and reported in the Financial Statements at fair value on a recurring basis as of June 30, 2009 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value. The three levels of the fair value hierarchy defined by SFAS No. 157, "Fair Value Measurements," (SFAS No.157) are as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument and; level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

	June 30, 2009	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets	$ 3.5	—	$ 3.5	—
Derivative liabilities	$ 69.8	—	$ 69.8	—

Effective January 1, 2009, the Company adopted SFAS No.157, for all nonfinancial assets and liabilities that are measured at fair value on a non-recurring basis, such as goodwill and identifiable intangible assets. The adoption of SFAS No.157 for nonfinancial assets and liabilities that are measured at fair value on a non-recurring basis did not impact the Company's financial position or results of operations for the six months ended June 30, 2009.

Fair values of cash equivalents, short-term investments and current accounts receivable and payable approximate the carrying amounts because of their short-term nature. The fair value of short-term debt approximates its recorded value because of its short-term nature. Also, long-term debt carried on the Company's Consolidated Balance Sheets at June 30, 2009 and December 31, 2008 has a carrying value that approximates its estimated fair value due to the variable interest rate features.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

As discussed more fully in the "Goodwill and Other Intangible Assets" section of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, the Company is required to test goodwill for impairment annually and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable. The Company updated the goodwill impairment test for the HR Management segment as of June 30, 2009 and determined that the $69.1 of goodwill related to HR Management was not impaired. The review was triggered by the $121.0 of implementation-related and asset impairment charges taken during the second quarter of 2009 as described in Note 8 of the Notes to Consolidated Financial Statements.

Goodwill increased to $1,044.1 at June 30, 2009 from $1,034.9 at December 31, 2008. The increase reflects currency movements and earn-out payments of $3.1 related to the Ceon Corporation acquisition completed during the fourth quarter of 2008. The Company is obligated to make additional earn-out payments of up to $18.4 related to this acquisition, if certain performance targets are met through December 31, 2009. Since these contingent payments are based on achievement of performance targets, actual payments are expected to be less than $5.

Intangible assets (including software and customer relationships) decreased to $100.4 at June 30, 2009 from $114.7 at December 31, 2008. Evaluation of intangible assets during the second quarter of 2009 resulted in recording an impairment charge of $3.8 related to certain acquired intangible assets. As of June 30, 2009, the Company's total intangible assets acquired primarily through business combinations consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
Software (classified with Property, Plant & Equipment)	$ 92.2	$ (50.9)	$ 41.3
Trademarks	12.0	(4.1)	7.9
Customer relationships and other intangibles	176.3	(125.1)	51.2
Total	$ 280.5	$ (180.1)	$100.4

The intangible assets are being amortized using the following amortizable lives: two to eight years for software, four years for trademarks and five to twelve years for customer relationships and other. The remaining weighted average depreciation period for software is 6.0 years. The remaining weighted average amortization period for trademarks, customer relationships and other intangibles is 6.8 years.

Customer relationships, trademarks and other intangibles amortization expense was $6.2 and $3.9 for the six months ended June 30, 2009 and 2008, respectively, and is estimated to be approximately $12 for the year ended December 31, 2009. The related estimated expense for the five subsequent fiscal years is as follows:

For the year ended 12/31/10	11
For the year ended 12/31/11	11
For the year ended 12/31/12	10
For the year ended 12/31/13	7
For the year ended 12/31/14	3
Thereafter	11

(7) ACCOUNTING FOR UNCERTAINITY IN INCOME TAXES

As discussed more fully in the "Income Taxes" section of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, the Company follows the provisions of Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," (FIN 48).

The liability for unrecognized tax benefits was $65.3 and $62.0 at June 30, 2009 and December 31, 2008, respectively, and is included in other long-term liabilities in the accompanying Consolidated Financial Statements. The total amount of unrecognized tax benefits that would affect income tax expense, if ever recognized in the Financial Statements is $56.9. This amount includes net interest and penalties of $15.6. The Company believes that it is reasonably possible that the total amounts of unrecognized tax benefits will decrease between $10.0 and $15.0 in the

next twelve months based upon the resolution of audits; however, actual developments in this area could differ from those currently expected.

(8) DEFERRED CHARGES, DEFERRED REVENUE AND ASSET IMPAIRMENT

During the six months ended June 30, 2009 and 2008, the Company capitalized $124.2 and $129.7 of client acquisition and implementation costs, respectively. The related amortization for these periods was $23.6 and $41.8, respectively. The Company also recorded implementation-related and asset impairment charges of $129.6 during the six months ended June 30, 2009 (of which $121.0 was recorded during the second quarter of 2009 and $8.6 was recorded during the first quarter of 2009) related to two of its HR Management-related contracts. During the six months ended June 30, 2009 and 2008, the Company capitalized implementation revenue of $67.7 and $47.0, respectively. The related amortization for these periods was $23.2 and $34.1, respectively.

As described in more detail in the “Deferred Charges” section in Note 2 of the Notes to Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, the Company often performs, in connection with its outsourcing arrangements, certain set-up activities or implementations, including the installation and customization of software. In connection with these arrangements, the Company capitalizes all direct and incremental multiple-element costs (by analogy to SFAS No. 91, “Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases”) to the extent recovery of these costs is probable. Deferred amounts are periodically evaluated for impairment or when circumstances indicate a possible inability to recover their carrying amounts. The Company evaluates the probability of recovery by considering profits to be earned during the term of the related contract, the creditworthiness of the client and, if applicable, termination for convenience fees payable by the client in the event that the client terminates the contract early. When implementation costs are deemed not recoverable in accordance with the Company’s accounting policy, such excess costs are expensed even if the contract is profitable over its term. The Company is currently in the implementation phase of two HR Management outsourcing contracts. The implementation-related and asset impairment charges of $121.0 recognized during the three months ended June 30, 2009 principally reflect (a) the costs of implementing one large HR Management outsourcing client contract that exceeded the amount recoverable under the contract at June 30, 2009, primarily reflecting a decision by the client to delay go-live with the next phase of the project on the expected schedule and, (b) a charge related to the other client contract as the Company is working towards negotiating a restructured agreement.

The implementation-related and asset impairment charges for the three months ended June 30, 2009 of $121.0 includes $88.5 recorded within the cost of providing services and products sold and $32.5 recorded as asset impairment.

(9) PAYABLES AND OTHER CURRENT LIABILITIES

	At Jun. 30, 2009	At Dec. 31, 2008
Accounts payable	$ 47.0	$ 68.5
Accrued income and other taxes	26.8	26.8
Accrued payroll-related expenses	133.8	126.1
Derivative liabilities	27.9	43.5
Accrued expenses, other	175.8	158.0
Deferred revenue and government grants	104.7	92.7
Restructuring and exit costs	11.7	23.1
	$ 527.7	$ 538.7

(10) EMPLOYEE BENEFIT PLANS

The Company sponsors a defined benefit pension plan, which includes both a qualified and non-qualified portion, for eligible employees (the Cash Balance Plan). The Company also sponsors a non-qualified, unfunded executive deferred compensation plan and a supplemental, non-qualified, unfunded plan for certain senior executive officers.

During the first quarter of 2008, the Company amended the Cash Balance Plan to stop future benefit accruals and to close participation to additional employees effective March 31, 2008. After March 31, 2008, existing participants will only be credited with interest to their cash balance account and will not earn future accruals or credits to their cash balance account with respect to compensation earned after March 31, 2008. This plan amendment resulted in recognizing a curtailment loss of $4.0 during the first quarter of 2008.

Benefits for the executive deferred compensation plan are based on each individual participant's deferral, along with matching contributions and investment earnings on the participant's account. Benefits for the supplemental plan are based on age, years of service and eligible pay. Funding of the qualified portion of the Cash Balance Plan has been achieved through contributions made to a trust fund. The contributions have been determined using prescribed methods in accordance with the Pension Protection Act. Due to current funded status of the Cash Balance Plan and mandatory legislative requirements under the federal Pension Protection Act of 2006, beginning April 28, 2009, the lump sum payment option from the Cash Balance Plan has been partially restricted. The Company's measurement date for all plans is December 31. The projected unit credit cost method is used for determining the unfunded executive pension cost for financial reporting purposes. The plan assumptions are evaluated annually and are updated as necessary.

Components of pension cost for the cash balance plan are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Service cost	$—	$—	$—	$ 4.5
Interest cost on projected benefit obligation	3.0	3.3	6.1	6.5
Expected return on plan assets	(2.6)	(3.8)	(5.2)	(7.6)
Curtailment loss	—	—	—	4.0
Amortization and deferrals – net	1.6	0.5	3.3	1.2
Pension cost	$ 2.0	$—	$ 4.2	$ 8.6

Components of pension cost for the unfunded executive pension plans are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Service cost	$ 0.3	$ 0.5	$ 0.8	$ 1.1
Interest cost on projected benefit obligation	0.5	0.8	1.0	1.7
Settlement loss	—	—	—	3.1
Amortization and deferrals – net	—	0.1	(0.2)	0.3
Pension cost	$ 0.8	$ 1.4	$ 1.6	$ 6.2

The Company contributed $1.1 to fund its cash balance plan during the first half of 2009 and expects to contribute $6.6 during the remainder of 2009.

(11) SHAREHOLDERS' EQUITY

There were no shares repurchased during the three and six months ended June 30, 2009. During the three and six months ended June 30, 2008, the Company repurchased 3.5 million and 7.7 million shares, respectively, of Convergys stock for a total cost of $54.8 and $116.6, respectively. At June 30, 2009, the Company has the authority to purchase an additional 7.1 million common shares pursuant to the available share repurchase authorizations.

(12) COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain equipment and facilities used in its operations under operating leases. This includes its office complex in Orlando, Florida, which is leased from Wachovia Development Corporation (Lessor), a wholly owned subsidiary of Wells Fargo & Company, under an agreement that expires in June 2010. Upon termination or expiration of the lease, the Company must either purchase the property from the Lessor for $65.0 or arrange to have the office complex sold to a third party. If the office complex is sold to a third party for an amount less than the $65.0, the amount paid by the Lessor for the purchase of the complex from an unrelated third party, the Company has agreed under a residual value guarantee to pay the Lessor up to $55.0. If the office complex is sold to a third party for an amount in excess of $65.0, the Company is entitled to collect the excess. As of June 30, 2009, the Company has recognized a liability of approximately $12 for the related residual value guarantee. The value of the guarantee was determined by computing the estimated present value of probability-weighted cash flows that might be expended under the guarantee. The Company recorded a liability for the fair value of the obligation with a corresponding asset recorded as prepaid rent, which is being amortized to rental expense over the lease term. The liability will remain on the Balance Sheet until the end of the lease term. Under the terms of the lease, the Company will also provide certain indemnities to the Lessor, including environmental indemnities. Due to the nature of such potential obligations, it is not possible to estimate the maximum amount of such exposure or the fair value. The Company does not expect such amounts, if any, to be material. The Company has concluded that it is not required to consolidate the Lessor pursuant to Financial Accounting Standards Board Financial Interpretation No. 46R, “Consolidation of Variable Interest Entities,” an interpretation of ARB No. 51.

At June 30, 2009, the Company had outstanding letters of credit of approximately $40 and other bond obligations of approximately $40 related to performance and payment guarantees. The Company believes that any guarantee obligation that may arise will not be material.

The Company also has purchase commitments with telecommunications providers of approximately $15 for the remainder of 2009 and $24 for 2010.

Contingencies

The Company from time to time is involved in various loss contingencies, including tax and legal contingencies that arise in the ordinary course of business. Pursuant to SFAS No. 5, “Contingent Liabilities,” the Company accrues for a loss contingency when it is probable that a liability has been incurred and the amount of such loss can be reasonably estimated. At this time, the Company believes that the results of any such contingencies, either individually or in the aggregate, will not have a materially adverse effect on the Company’s results of operations or financial condition. However, the outcome of any litigation cannot be predicted with certainty. An unfavorable resolution of one or more pending matters could have a materially adverse impact on the Company’s results of operations or financial condition in the future.

Several related class action lawsuits were filed in the United States District Court for the Northern District of Texas on behalf of purchasers of common stock of Intervoice, Inc. (Intervoice) during the period from October 12, 1999 through June 6, 2000 (the Class Period). Plaintiffs filed claims, which were consolidated into one proceeding, under Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 against Intervoice as well as certain named former officers and directors of Intervoice on behalf of the alleged class members. In the complaint, Plaintiffs claim that Intervoice and the named former officers and directors issued false and misleading statements during the Class Period concerning the financial condition of Intervoice, the results of the merger with Brite and the alleged future business projections of Intervoice. Plaintiffs have asserted that these alleged statements resulted in artificially inflated stock prices.

The District Court dismissed the Plaintiffs’ complaint because it lacked the degree of specificity and factual support to meet the pleading standards applicable to federal securities litigation. The Plaintiffs appealed the dismissal to the United States Court of Appeals for the Fifth Circuit, which affirmed the dismissal in part and reversed in part. The Fifth Circuit remanded a limited number of issues for further proceedings in the District Court.

On September 26, 2006, the District Court granted the Plaintiffs’ motion to certify a class of people who purchased Intervoice stock during the Class Period. On November 14, 2006, the Fifth Circuit granted Intervoice’s petition to appeal

the District Court's decision to grant Plaintiffs' motion to certify a class. On January 8, 2008, the Fifth Circuit vacated the District Court's class-certification order and remanded the case to the District Court for further consideration in light of a new decision rendered by the Fifth Circuit in the case of *Oscar Private Equity Investments v. Allegiance Telecom, Inc.* The parties filed briefing in the District Court regarding class certification based on the Fifth Circuit's new decision. On July 7, 2009, the District Court ordered the parties to file additional briefing regarding class certification in light of the Fifth Circuit's more recent decision in *Alaska Electric Pension Fund v. Flowserve Corporation.* After the additional briefing is filed, the District Court may rule on Plaintiffs' motion for class certification or require additional briefing and/or a court hearing before ruling. The Company continues to vigorously defend the case.

Since 2002, the Company has been cooperating with the U.S. Department of Labor's wage and hour division (DOL) on a number of matters to investigate and resolve allegations of the Company's incorrect measurement of hourly call center employees' work time. The Company is negotiating with the DOL to reach a mutually-satisfactory resolution of the matter. The Company expects that the resolution would involve, among other things, the payment of an amount of back wages to the Company's U.S. agents. While the Company is confident it can negotiate a resolution with the DOL, if it cannot, the DOL may take action against the Company. The Company believes that the outcome of this matter with the DOL will not individually or in the aggregate have a future material adverse effect on the Company's operating income or financial condition.

(13) BUSINESS SEGMENT INFORMATION

As discussed in Note 1, the Company has three segments, which are identified by service offerings. Customer Management provides agent-assisted services, automated self-service and technology solutions. Information Management provides business support system/operational support system. HR Management provides global human resource business process outsourcing solutions. These segments are consistent with the Company's management of the business and reflect its internal financial reporting structure and operating focus.

The Company does not allocate activities below operating income to its reported segments. The Company's business segment information is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues:				
Customer Management	$ 494.6	$469.0	$1,011.5	$ 945.0
Information Management	115.1	161.1	222.7	324.3
HR Management	73.0	59.4	143.2	136.6
	$ 682.7	$689.5	$1,377.4	$1,405.9
Depreciation:				
Customer Management	$ 16.9	$ 14.4	$ 33.7	$ 28.7
Information Management	6.1	7.6	12.0	15.1
HR Management	2.4	2.1	4.9	4.1
Corporate	5.1	5.0	10.2	9.9
	$ 30.5	$ 29.1	$ 60.8	$ 57.8
Amortization:				
Customer Management	$ 1.7	$ 0.5	$ 3.6	$ 1.0
Information Management	1.0	0.9	2.0	1.7
HR Management	0.3	0.6	0.6	1.2
	$ 3.0	$ 2.0	$ 6.2	$ 3.9
Restructuring Charges:				
Customer Management	$ —	$ —	$ —	$ 5.4
Information Management	—	—	—	6.9
HR Management	—	—	—	1.8
	$ —	$ —	$ —	$ 14.1
Asset Impairment:				
Customer Management	$ —	$ —	$ —	$ —
Information Management	—	—	—	—
HR Management	32.5	—	32.5	—
	$ 32.5	$ —	$ 32.5	$ —
Operating Income (Loss):				
Customer Management	$ 36.9	$ 19.4	$ 77.2	$ 41.3
Information Management	17.0	37.9	29.5	67.4
HR Management	(119.4)	(4.2)	(128.9)	(9.1)
Corporate	(5.6)	(5.7)	(10.1)	(13.3)
	$ (71.1)	$ 47.4	$ (32.3)	$ 86.3
Capital Expenditures: [1]				
Customer Management	$ 12.8	$ 8.7	$ 26.2	$ 18.4
Information Management	4.1	6.7	7.1	11.1
HR Management	0.7	2.7	2.7	5.3
Corporate [2]	4.9	4.4	9.3	15.0
	$ 22.5	$ 22.5	$ 45.3	$ 49.8

[1] Excluding proceeds from the disposal of property and equipment.
[2] Includes shared services-related capital expenditures.

	At Jun. 30, 2009	At Dec. 31, 2008
Goodwill:		
Customer Management	$ 780.3	$ 776.4
Information Management	194.7	189.4
HR Management	69.1	69.1
	$1,044.1	$1,034.9

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(14) EARNINGS PER SHARE

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share (EPS) computations:

	Net Income (Loss)	Shares	Per Share Amount
Three Months Ended June 30, 2009			
Basic EPS	$ (60.9)	122.8	$ (0.50)
Effect of dilutive securities:			
Stock-based compensation arrangements	—	—	—
Diluted EPS	$ (60.9)	122.8	$ (0.50)
Six Months Ended June 30, 2009			
Basic EPS	$ (32.9)	122.6	$ (0.27)
Effect of dilutive securities:			
Stock-based compensation arrangements	—	—	—
Diluted EPS	$ (32.9)	122.6	$ (0.27)
Three Months Ended June 30, 2008			
Basic EPS	$ 40.5	123.0	$ 0.33
Effect of dilutive securities:			
Stock-based compensation arrangements	—	2.3	(0.01)
Diluted EPS	$ 40.5	125.3	$ 0.32
Six Months Ended June 30, 2008			
Basic EPS	$ 76.4	125.0	$ 0.61
Effect of dilutive securities:			
Stock-based compensation arrangements	—	2.2	(0.01)
Diluted EPS	$ 76.4	127.2	$ 0.60

The diluted EPS calculation for the three and six months ended June 30, 2009 excludes the effect of dilutive securities because of the loss from operations. The diluted EPS calculation for the three and six months ended June 30, 2008 excludes the effect of 8.0 million outstanding stock options because they are anti-dilutive.

(15) DERIVATIVE INSTRUMENTS

The Company is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices. The Company's risk management strategy includes the use of derivative instruments to reduce the effects on its operating results and cash flows from fluctuations caused by volatility in currency exchange and interest rates.

The Company serves many of its U.S.-based clients using contact center capacity in Canada, India and the Philippines. Although the contracts with these clients are typically priced in U.S. dollars, a substantial portion of the costs incurred to render services under these contracts are denominated in Canadian dollars (CAD), Philippine pesos (PHP) or Indian rupees (INR), which represents a foreign exchange exposure. The Company has hedged a portion of its exposure related to the anticipated cash flow requirements denominated in these foreign currencies by entering into forward exchange contracts and options with several financial institutions. These instruments mature within the next 48 months and had a notional value of $671.1 at June 30, 2009 and $866.7 at December 31, 2008. The derivative instruments discussed above are designated and effective as cash flow hedges. The following table reflects the fair values of these derivative instruments:

	June 30, 2009	December 31, 2008
Forward exchange contracts and options designated as hedging instruments under SFAS No. 133		
Included within other current assets	$ 3.2	$ 1.8
Included within other current liabilities	27.9	40.8
Included within other long-term liabilities	41.9	60.6

The Company recorded a deferred tax benefit of $23.7 related to these derivatives at June 30, 2009, compared to $35.8 at December 31, 2008. A total of $44.1 and $66.6 of deferred losses, net of tax, related to these cash flow hedges at June 30, 2009 and December 31, 2008, respectively, were accumulated in Other Comprehensive Income (OCI). As of June 30, 2009, deferred losses of $25.9 ($16.8 net of tax), on derivative instruments included in accumulated OCI are expected to be reclassified into earnings during the next 12 months. The following table provides the effect of these derivative instruments on the Company's Consolidated Financial Statements for the six months ended June 30, 2009:

Derivatives in Statement 133 Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)
Foreign exchange contracts	$ 11.9	$ (20.5)	- Cost of providing services and products sold - Selling, general and administrative

The gain recognized related to the ineffective portion of the derivative instruments was immaterial for the six months ended June 30, 2009.

The Company also enters into derivative instruments (forwards) to economically hedge the foreign currency impact of assets and liabilities denominated in nonfunctional currencies. During the six months ended June 30, 2009, a gain of $2.1 was recognized related to changes in fair value of these derivative instruments not designated as hedges, compared to a loss of $9.8 for the same period in 2008. The $2.1 gain partially offset the currency losses that resulted from changes in the assets and liabilities denominated in nonfunctional currencies. These gains and losses are classified within other income, net in the accompanying Consolidated Statements of Operations. The fair value of these derivative instruments not designated as hedges at June 30, 2009, was immaterial to the Company's Consolidated Financial Statements.

A few of the Company's counter party agreements related to derivative instruments contain provisions that require that the Company maintain collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments in liability position on June 30, 2009 is $69.8 for which the Company has posted collateral of approximately $17. Further downgrades in the Company's credit ratings and/or change in the foreign currency markets could trigger additional collateral to counterparties.

(16) ASSET SECURITIZATION

During the second quarter of 2009, the Company entered into a new $125 asset securitization facility collateralized by accounts receivables of certain of its subsidiaries, of which $50 expires in June 2010 and $75 expires in June 2012. The asset securitization program is conducted through Convergys Funding Inc., a wholly-owned bankruptcy remote subsidiary of the Company. The asset securitization facility does not qualify for sale treatment under FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Accordingly, the accounts receivable and related debt obligation will remain on the Company's Consolidated Balance Sheet. As of June 30, 2009, this facility remains undrawn.

ITEM 2.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Amounts in Millions Except Per Share Amounts)

BACKGROUND

Convergys Corporation (the Company or Convergys) is a global leader in relationship management. We provide solutions that drive value from the relationships our clients have with their customers and employees. Convergys turns these everyday interactions into a source of profit and strategic advantage for our clients. For over 25 years, our unique combination of domain expertise, operational excellence and innovative technologies has delivered process improvement and actionable business insight to clients to enhance their relationships with customers and employees.

We report three segments: (i) Customer Management, which provides agent-assisted services, automated self-service, and technology solutions, (ii) Information Management, which provides business support system and operational support system (BSS/OSS) solutions; and (iii) Human Resource (HR) Management, which provides global human resource business process outsourcing (HR BPO) solutions.

These segments are consistent with the Company's management of the business and reflect its internal financial reporting structure and operating focus.

The Board continually monitors the Company's businesses and, as appropriate, evaluates various strategies to enhance shareholder value, including by means of strategic transactions involving one or more of its businesses. Any such transactions could occur in the future and could be material, although there can be no assurance that such transactions will occur.

Customer Management

Our Customer Management segment partners with clients to deliver solutions that enhance the value of their customer relationships, turning the customer experience into a strategic differentiator. As an end-to-end single-source provider of self-service, agent-assisted and proactive care, we combine consulting, innovative technology and agent-assisted services to optimize the customer experience and strengthen customer relationships. Whether contact center operations are on-premises, fully outsourced or blended, we customize our solutions to meet our clients' needs.

On September 3, 2008, we acquired 100 percent of the outstanding common shares of Intervoice, Inc. (Intervoice), a developer of automated voice response systems, for cash consideration of $338.8. Intervoice is a market leader in the delivery of personalized, multi channel automated information solutions that connect people with information, empowering them to control the way they interact with a business. Integration of Intervoice's speech automation and mobile applications with the Company's agent-assisted services has enabled us to build upon our leadership position in relationship management solutions. Our solutions result in improved operational efficiencies, new revenue streams and, most importantly, enhanced differentiation in the large and growing automated services market. The operating results of Intervoice have been included within the Customer Management segment from the date of the acquisition.

Agent-related revenues, which account for approximately 90% of Customer Management revenues for the first six months of 2009, are typically recognized as services are performed based on staffing hours or the number of contacts handled by service agents using contractual rates. In a limited number of engagements where the client pays a fixed fee, we recognize revenues based on the specific facts and circumstances of the engagement, using the proportional performance method or upon final completion of the engagement. Customer Management remaining revenues are derived from sale of premise-based and hosted automated self-care and technology solutions. License, professional and consulting and maintenance & software support services revenues recognized from sale of these advanced speech recognition solutions are recognized pursuant to SOP 97-2, "Software Revenue Recognition."

During the first six months of 2009, Customer Management revenues increased 7% to $1,011.5 compared to the prior year. Intervoice revenues were approximately $82 in the first half of 2009. Customer Management operating income and operating margin were $77.2 and 7.6%, respectively, compared with $41.3 and 4.4% in the prior year. Year-over-year margin improvement was largely driven by effective contact center workforce management and disciplined

cost management. Prior year results included $5.4 of restructuring charges to streamline operations and reduce headcount.

Information Management

Our Information Management segment serves clients principally by providing and managing complex business support system and operational support system (BSS/OSS) services.

License and related support and maintenance fees, which accounted for 34% of Information Management revenues for the first six months of 2009, are earned under perpetual and term license arrangements. The Company invoices its clients for licenses either up-front or monthly based on the number of subscribers, events or units processed using the software. Fees for support and maintenance normally are charged in advance either on an annual, quarterly or monthly basis. Professional and consulting services for installation, implementation, customization, migration, training and managed services accounted for 35% of Information Management revenues for the six months ended June 30, 2009. The professional and consulting fees are either invoiced monthly to the Company's clients based on time and material costs incurred at contractually agreed upon rates or, in some instances, for a fixed fee. Information Management remaining revenues consist of monthly fees for processing client transactions in Information Management data centers and, in some cases, the clients' data centers. These data processing revenues are recognized based on the number of invoices, subscribers or events that are processed by Information Management using contractual rates. During the first six months of 2009, Information Management revenue was $222.7, a 31% decline compared to the same period last year due to the negative impact of North American client migrations as well as international project completions. Information Management operating income and operating margin for the first six months of 2009 were $29.5 and 13.2%, respectively, compared with $67.4 and 20.8%, respectively, in the prior year. Results for the six months of 2008 also included $6.9 restructuring charges to streamline operations and reduce headcount. The decline in operating income during the first six months of 2009 was primarily due to the decline in revenues.

Information Management continues to face competition as well as consolidation within the communications industry. In January 2008, AT&T, our largest client, informed us that it intended to migrate its subscribers from the legacy wireless billing system that we currently support through a managed services agreement onto AT&T's other wireless billing system over the next two years. While the migration is subject to change, we anticipate that this will result in a loss of revenue of approximately $25 and $60 in 2009 and 2010, respectively, compared to our 2008 Information Management revenues. The impact of this migration on our first six months of 2009 revenues was approximately $5 compared to the first six months of 2008 Information Management revenues.

In September 2005, Sprint PCS, a large data processing outsourcing client, completed its acquisition of Nextel Communications. In 2006, Sprint Nextel informed us that it intended to consolidate its billing systems onto a competitor's system. The migration began in 2006 and was substantially completed by June 30, 2008. Revenues from Sprint Nextel were down 83%, or approximately $40, for the first six months of 2009 compared to the corresponding period last year. We expect revenue from Sprint Nextel to be down by approximately $50 for 2009, compared to 2008. This revenue decline is incorporated in our 2009 guidance discussed in the "Business Outlook" section, and we do not expect these migrations to have a material impact on our liquidity and capital resources.

HR Management

Our HR Management segment provides a full range of human resource outsourcing solutions including benefits administration, compensation, human resource administration, learning, payroll administration, performance management, recruiting and sourcing services to large companies and governmental entities. We take advantage of our economies of scale in order to standardize human resource processes across departments, business lines, language differences and national borders.

During the first six months of 2009, HR Management revenues increased 5% to $143.2 compared to the prior year. Revenue growth in 2009 from live operations of two large contracts was partially offset by a contract termination payment recorded in the prior year as well as elimination of pass-through revenues with a large HR Management outsourcing client beginning the third quarter of 2008. HR Management operating loss for the six months ended June 30, 2009 was $128.9 compared to a loss of $9.1 in the prior year. Operating results for the six months ended June 30,

2009 include implementation-related and asset impairment charges of $129.6 (of which $121.0 was recorded during the second quarter of 2009 and $8.6 was recorded during the first quarter of 2009) related to two HR Management contract implementations.

We are currently in the implementation phase of two HR Management outsourcing contracts. Due to the complexity of the implementations and changes in customer requirements, we are experiencing implementation cost overruns and delays in completing these implementations. During the three months ended June 30, 2009, the costs of implementing one large HR Management outsourcing client contract exceeded the amount recoverable under the contract at June 30, 2009 primarily reflecting a decision by the client to delay go-live with the next phase of the project on the expected schedule. Additionally, we recorded a charge related to the other client contract as we work towards negotiating a restructured agreement. We are currently negotiating with the clients to reach mutually acceptable plans and financial outcomes and have taken actions to reduce the rate of spend. As we are currently in the negotiating process, we are not able to estimate the timing or the potential impact these contract restructurings could have to the income statement in 2009 and potentially beyond 2009. Our cash flows could also be negatively impacted. Additionally, cost overruns could adversely affect the profitability of the contracts over their terms or cause them not to be profitable. These potential future charges could be material to our consolidated financial results as well as the Consolidated Balance Sheet.

As of June 30, 2009, we had deferred implementation costs of approximately $200 and deferred implementation revenue of approximately $170 related to these two contracts. Deferred amounts are periodically evaluated for impairment or when circumstances indicate a possible inability to recover their carrying amounts. In the event these costs are not deemed recoverable, we follow the guidance in SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” to determine if an impairment exists. We evaluate the probability of recovery by considering profits to be earned during the term of the related contract, the creditworthiness of the client and, if applicable, termination for convenience fee payable by the client in the event that the client terminates the contract early. Based on our evaluation as of June 30, 2009, we believe the $200 of deferred charges related to these two HR Management contracts is recoverable.

We have begun a series of actions intended to reduce our implementation risk and improve the future earnings in HR Management. Actions we are taking include negotiations with clients regarding contractual terms, using partners to implement projects, not signing any new HR Management outsourcing business with significant implementation risk, streamlining existing operations, continuing to use additional automation and standardization and leveraging of off-shore labor.

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995, which are based on current expectations, estimates and projections. Statements that are not historical facts, including statements about the beliefs and expectations of the Company, are forward-looking statements. Sometimes these statements will contain words such as “believes,” “expects,” “intends,” “could,” “should,” “will,” “plans,” “anticipates” and other similar words. These statements discuss potential risks and uncertainties; and, therefore, actual results may differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. The Company expressly states that it has no current intention to update any forward-looking statements, whether as a result of new information, future events or otherwise. See the discussion under the “Risk Factors” section of Management Discussion and Analysis.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and segment data. Detailed comparisons of revenue and expenses are presented in the discussions of the operating segments, which follow the consolidated results discussion. Results for interim periods may not be indicative of the results for the full years.

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CONSOLIDATED RESULTS

	Three Months Ended June 30,				Six Months Ended June 30,			
	2009	2008	Change	%	2009	2008	Change	%
Revenues	$682.7	$689.5	$ (6.8)	(1)	$1,377.4	$1,405.9	$ (28.5)	(2)
Cost of providing services and products sold	505.9	459.6	46.3	10	948.9	931.6	17.3	2
Selling, general and administrative	161.6	139.7	21.9	16	321.8	289.9	31.9	11
Research and development costs	20.3	11.7	8.6	74	39.5	22.3	17.2	77
Depreciation	30.5	29.1	1.4	5	60.8	57.8	3.0	5
Amortization	3.0	2.0	1.0	50	6.2	3.9	2.3	59
Restructuring charges	—	—	—	—	—	14.1	(14.1)	(100)
Asset impairment	32.5	—	32.5	—	32.5	—	32.5	—
Total costs and expenses	753.8	642.1	111.7	17	1,409.7	1,319.6	90.1	7
Operating (Loss) Income	(71.1)	47.4	(118.5)	—	(32.3)	86.3	(118.6)	—
Equity in Earnings of Cellular Partnerships	10.8	11.3	(0.5)	(4)	21.5	18.1	3.4	19
Other Expense, net	(4.4)	(0.8)	(3.6)	—	(9.8)	(1.9)	(7.9)	—
Interest Expense	(6.9)	(4.0)	(2.9)	73	(13.7)	(7.8)	(5.9)	76
(Loss) Income Before Income Taxes	(71.6)	53.9	(125.5)	—	(34.3)	94.7	(129.0)	—
Income Tax (Benefit) Expense	(10.7)	13.4	(24.1)	—	(1.4)	18.3	(19.7)	—
Net (Loss) Income	$ (60.9)	$ 40.5	$(101.4)	—	$ (32.9)	$ 76.4	$(109.3)	—
Diluted (loss) earnings per common share	$ (0.50)	$ 0.32	$ (0.82)	—	$ (0.27)	$ 0.60	(0.87)	—
Operating Margin	NA	6.9%			NA	6.1%		

Three Months Ended June 30, 2009 versus Three Months Ended June 30, 2008

Consolidated revenues for the second quarter of 2009 were $682.7 compared to $689.5 in the prior year. Growth in revenues from Customer Management and HR Management was offset by revenue declines at Information Management. Customer Management revenues for the second quarter of 2009 include revenue of $39.2 from the Intervoice acquisition that closed on September 3, 2008. Operating loss for the second quarter of 2009 was $71.1 compared to operating income of $47.4 in the prior year. As described more fully under the “HR Management” section on page 27, operating income for the three months ended June 30, 2009 includes implementation-related and asset impairment charges of $121.0 related to two large HR Management contracts. Customer Management operating income improved 90% or $17.5 compared to the same period last year, largely driven by effective workforce management and disciplined cost management. Information Management operating income declined 55% or $20.9 primarily due to revenue declines.

As a percentage of revenues, cost of providing services and products sold were 74.1% compared to 66.7% during the corresponding period last year. This reflects an increase in cost of providing services and products sold as a percentage of revenues at HR Management, partially offset by lower cost of providing services and products sold as a percentage of revenues both at Customer Management and Information Management. HR Management costs of providing services and products sold for the three months ended June 30, 2009 includes charges of $88.5 related to excess implementation costs that were expensed rather than capitalized in accordance with the Company’s accounting policy and anticipated costs related to restructure a contract. These charges are described more fully under the “HR Management” section on page 27. Selling, general, and administrative expenses of $161.6 increased 16% from the second quarter of 2008. The increase was largely due to higher selling, general, and administrative expenses at Customer Management, primarily reflecting higher sales and marketing costs to service the expanded client base and extensive global channel partnerships obtained through the Intervoice acquisition. The 74% increase in research and development costs reflects our investments in the automated self-care and technology solutions particularly related to the recently acquired Intervoice platforms and our focused increased spending at Information Management on strategic initiatives to enhance the functionality of our business support system and operational support system offerings. Compared to the prior year, the $1.4 and $1.0 increase in depreciation and amortization expense, respectively, largely reflects assets that were added due to the Intervoice acquisition during the third quarter of 2008. The second quarter of 2009 asset impairment charge of $32.5 represents impairment of previously deferred costs related to the HR Management contracts we anticipate restructuring. See “HR Management” section on page 27 for additional discussions related to these client implementations.

During the second quarter of 2009, we recorded equity income in the Cellular Partnerships of $10.8 compared to equity income of $11.3 in the prior year. Interest expense of $6.9 increased from $4.0 in the prior year reflecting a higher level of debt due to the Intervoice acquisition. The $3.6 increase in other expense, net, was due to increase in our foreign exchange transaction losses. Our effective tax benefit rate was 15.0% for the three months ended June 30, 2009 compared to an effective tax rate 24.9% in the same period last year. The tax benefit rate for the three months ended June 30, 2009 is due to the $121.0 HR Management-related charges described more fully under the "HR Management" section on page 27 and mix of income between jurisdictions.

As a result of the forgoing, second quarter 2009 net loss and loss per diluted share were $60.9 and $0.50, respectively, compared with net income and earnings per diluted share of $40.5 and $0.32, respectively, in the second quarter of 2008.

Six Months Ended June 30, 2009 versus Six Months Ended June 30, 2008

Consolidated revenues for the first six months of 2009 were $1,377.4 compared to $1,405.9 in the prior year. Growth in revenues from HR Management and Customer Management partially offset a decline in Information Management. Operating loss for the first half of 2009 was $32.3 compared with an operating income of $86.3 in the prior year. As described more fully under the "HR Management" section on page 27, operating income for the six months ended June 30, 2009 includes implementation-related and asset impairment charges of $129.6 related to two large HR Management contracts. Customer Management operating income improved 87% or $35.9 compared to the same period last year, largely driven by effective workforce management and disciplined cost management. Information Management operating income declined 56% or $37.9 primarily due to revenue declines.

As a percentage of revenues, cost of providing services and products sold were 68.9% compared to 66.3% during the corresponding period last year. This reflects an increase in cost of providing services and products sold as a percentage of revenues at HR Management, partially offset by lower cost of providing services and products sold as a percentage of revenues both at Customer Management and Information Management. HR Management costs of providing services and products sold for the six months ended June 30, 2009 includes charges of $97.1 related to excess implementation costs that were expensed rather than capitalized in accordance with the Company's accounting policy and anticipated costs related to restructure a contract. These charges are described more fully under the "HR Management" section on page 27. Selling, general, and administrative expenses of $321.8 increased 11% compared to the first half of 2008. The increase was largely due to higher selling, general, and administrative expenses at Customer Management, primarily reflecting higher sales and marketing costs to service the expanded client base and extensive global channel partnerships obtained through the Intervoice acquisition. The 77% increase in research and development costs reflects our investments in the automated self-care and technology solutions particularly related to the recently acquired Intervoice platforms and our focused increased spending at Information Management on strategic initiatives to enhance the functionality of our business support system and operational support system offerings. Compared to the prior year, the $3.0 and $2.3 increase in depreciation and amortization expense, respectively, largely reflects assets that were added due to the Intervoice acquisition during the third quarter of 2008.

As noted under the heading, "Restructuring Charges," we recorded a restructuring charge of $14.1 during the first quarter of 2008. The 2009 asset impairment charge of $32.5 represents impairment of previously deferred costs related to the two HR Management contracts the Company anticipates restructuring. See "HR Management" section on page 27 for additional discussions related to these client implementations.

During the first half of 2009, we recorded equity income in the Cellular Partnerships of $21.5 compared to equity income of $18.1 in the prior year. The $7.9 increase in other expense, net, was largely due to increase in our foreign exchange transaction losses. Interest expense of $13.7 increased from $7.8 in the prior year primarily reflecting a higher level of debt due to the Intervoice acquisition. Our effective tax benefit rate was 4.1% for the six months ended June 30, 2009 compared to an effective tax rate 19.3% in the same period last year. The lower tax rate for the first half of 2009 is due to the $129.6 HR Management-related charges described more fully under the "HR Management" section on page 27 and mix of income between jurisdictions.

As a result of the forgoing, net loss and loss per diluted share for the first half of 2009 were $32.9 and $0.27 compared with net income and earnings per diluted share of $76.4 and $0.60 in the first half of 2008.

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CUSTOMER MANAGEMENT

	Three Months Ended June 30,				Six Months Ended June 30,			
	2009	2008	Change	%	2009	2008	Change	%
Revenues:								
Communications	$293.0	$275.3	$ 17.7	6	$ 594.8	$552.0	$ 42.8	8
Technology	40.3	38.3	2.0	5	80.2	76.8	3.4	4
Financial services	75.2	57.2	18.0	31	151.7	118.5	33.2	28
Other	86.1	98.2	(12.1)	(12)	184.8	197.7	(12.9)	(7)
Total revenues	494.6	469.0	25.6	5	1,011.5	945.0	66.5	7
Cost of providing services and products sold	307.8	326.6	(18.8)	(6)	629.9	649.0	(19.1)	(3)
Selling, general and administrative expenses	125.3	107.2	18.1	17	255.7	217.7	38.0	17
Research and development costs	6.0	0.9	5.1	—	11.4	1.9	9.5	—
Depreciation	16.9	14.4	2.5	17	33.7	28.7	5.0	17
Amortization	1.7	0.5	1.2	—	3.6	1.0	2.6	—
Restructuring charges	—	—	—	—	—	5.4	(5.4)	(100)
Total costs	457.7	449.6	8.1	2	934.3	903.7	30.6	3
Operating Income	$ 36.9	$ 19.4	$ 17.5	90	$ 77.2	$ 41.3	$ 35.9	87
Operating Margin	7.5%	4.1%			7.6%	4.4%		

Three Months Ended June 30, 2009 versus Three Months Ended June 30, 2008

Revenues

Customer Management revenues were $494.6, a 5% increase from the second quarter of 2008. This includes $39.2 in revenues from the Intervoice acquisition that closed on September 3, 2008.

Revenues from the communication services vertical increased 6% from the second quarter of 2008, largely reflecting growth from the Intervoice acquisition. Revenues from the financial services vertical increased 31%, reflecting growth both from the Intervoice acquisition as well as from new collection programs in the current year. Other revenues, which are comprised of clients outside of Customer Management's three largest industries, decreased 12% from the second quarter of 2008. Decline in revenues from several retail clients as a result of the softness in the current economic environment were partially offset by growth from the Intervoice acquisition.

Costs and Expenses

Customer Management total costs and expenses were $457.7, a 2% increase from the second quarter of 2008. Customer Management cost of providing services and products sold during the second quarter of 2009 decreased 6% to $307.8 from the second quarter of 2008. As a percentage of revenues, cost of providing services and products sold was 62.2%, down 740 basis points from 69.6% in the prior year, primarily due to benefits from effective contact center workforce management as well as positive contribution from the Intervoice acquisition and approximately 80 basis points benefit from strengthened US dollar. Selling, general and administrative expenses of $125.3 in the second quarter of 2009 increased 17% compared to the prior year. This largely reflects higher sales and marketing costs to service the expanded client base and extensive global channel partnerships obtained through the recent Intervoice acquisition. As a percentage of revenues, selling, general and administrative expenses were 25.3% in the second quarter of 2009 compared to 22.9% in the same period last year. The $5.1 increase in research and development costs reflects our investments in the automated self-care and technology solutions related to the recently acquired Intervoice platforms. Compared to the prior year, the $2.5 and $1.2 increase in depreciation and amortization expense, respectively, largely reflects assets that were added due to the Intervoice acquisition during the third quarter of 2008.

Operating Income

As a result of the forgoing, Customer Management second quarter 2009 operating income and margin were $36.9 and 7.5%, respectively, compared to $19.4 and 4.1%, respectively, in the second quarter of 2008.

Six Months Ended June 30, 2009 versus Six Months Ended June 30, 2008

Revenues

Customer Management revenues were $1,011.5, a 7% increase from the first half of 2008. Revenues from the communication services vertical increased 8% from the first half of 2008, largely reflecting growth from the Intervoice acquisition. Revenues from the financial services vertical increased 28%, reflecting growth both from the Intervoice acquisition as well as from new collection programs in the current year. Other revenues, which are comprised of clients outside of Customer Management's three largest industries, decreased 7% from the first half of 2008. Decline in revenues from several retail clients as a result of the softness in the current economic environment were partially offset by growth from the Intervoice acquisition.

Costs and Expenses

Customer Management total costs and expenses were $934.3, a 3% increase from the first half of 2008. Customer Management cost of providing services and products sold during the first half of 2009 decreased 3% to $629.9 from the first half of 2008. As a percentage of revenues, cost of providing services and products sold was 62.3%, down 640 basis points from 68.7% in the prior year, primarily due to benefits from effective contact center workforce management, as well as positive contribution from the Intervoice acquisition. Selling, general and administrative expenses of $255.7 in the first half of 2009 increased 17% compared to the prior year. This largely reflects higher sales and marketing costs to service the expanded client base and extensive global channel partnerships obtained through the recent Intervoice acquisition. As a percentage of revenues, selling, general and administrative expenses were 25.3% in the first half of 2009 compared to 23.0% in the same period last year. The $9.5 increase in research and development costs reflects our investments in the automated self-care and technology solutions related to the recently acquired Intervoice platforms. Compared to the prior year, the $5.0 and $2.6 increase in depreciation and amortization expense, respectively, largely reflects assets that were added due to the Intervoice acquisition during the third quarter of 2008. As noted under the heading, "Restructuring Charges," we recorded a restructuring charge of $5.4 during the first quarter of 2008 to better align cost structure to future business needs.

Operating Income

As a result of the forgoing, Customer Management first half of 2009 operating income and margin were $77.2 and 7.6%, respectively, compared to $41.3 and 4.4%, respectively, in the first half of 2008.

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INFORMATION MANAGEMENT

	Three Months Ended June 30,				Six Months Ended June 30,			
	2009	2008	Change	%	2009	2008	Change	%
Revenues:								
Data processing	$ 32.1	$ 35.6	$ (3.5)	(10)	$ 69.2	$ 79.6	$ (10.4)	(13)
Professional and consulting	42.5	61.6	(19.1)	(31)	78.6	124.9	(46.3)	(37)
License and other	40.5	63.9	(23.4)	(37)	74.9	119.8	(44.9)	(37)
Total revenues	115.1	161.1	(46.0)	(29)	222.7	324.3	(101.6)	(31)
Cost of providing services and products sold	57.1	85.4	(28.3)	(33)	114.6	174.1	(59.5)	(34)
Selling, general and administrative expenses	19.6	18.5	1.1	6	36.5	38.7	(2.2)	(6)
Research and development costs	14.3	10.8	3.5	32	28.1	20.4	7.7	38
Depreciation	6.1	7.6	(1.5)	(20)	12.0	15.1	(3.1)	(21)
Amortization	1.0	0.9	0.1	11	2.0	1.7	0.3	18
Restructuring charges	—	—	—	—	—	6.9	(6.9)	(100)
Total costs	98.1	123.2	(25.1)	(20)	193.2	256.9	(63.7)	(25)
Operating Income	$ 17.0	$ 37.9	$(20.9)	(55)	$ 29.5	$ 67.4	$ (37.9)	(56)
Operating Margin	14.8%	23.5%			13.2%	20.8%		

Three Months Ended June 30, 2009 versus Three Months Ended June 30, 2008

Revenues

Information Management revenues of $115.1 during the second quarter of 2009 were down 29% compared to the corresponding period last year due to North American client migrations and international project completions.

Data processing revenues of $32.1 decreased 10% from the corresponding period last year reflecting North American client migrations partially offset by revenues from a new client. Compared to the prior year, professional and consulting revenues of $42.5 decreased 31% from the corresponding period last year, largely reflecting international project completions and reduction in services resulting from client migrations. License and other revenues decreased 37% to $40.5. Prior year license and other revenues included termination revenue resulting from the substantial completion of the Sprint Nextel migration as well as strong license revenue from a North American client.

Revenues from Sprint Nextel were down 87%, or approximately $20, in the second quarter of 2009 compared to the corresponding period last year. We expect revenues from Sprint Nextel to be down by approximately $50 for 2009, compared to 2008.

Costs and Expenses

Information Management total costs and expenses were $98.1, a 20% decline from the second quarter of 2008. Compared to prior year, Information Management cost of providing services and products sold during the second quarter of 2009 decreased 33% to $57.1. As a percentage of revenues, cost of providing services and products sold was 49.6% in the second quarter of 2009, down from 53.0% in the second quarter of 2008. Selling, general and administrative expenses of $19.6 in the second quarter of 2009 increased 6% or approximately $1 compared to the prior year due to increased sales and marketing efforts. As a percentage of revenues, selling, general and administrative expenses were 17.0% in the second quarter of 2009, compared to 11.5% in the prior year, largely due to revenue declines. The 32% increase in research and development costs reflects our focused increased spending at Information Management on strategic initiatives to enhance the functionality of our business support system and operational support system offerings.

Operating Income

As a result of the forgoing, Information Management operating income and operating margin during the second quarter of 2009 were $17.0 and 14.8%, respectively, compared with $37.9 and 23.5%, respectively, during the second quarter of 2008.

Six Months Ended June 30, 2009 versus Six Months Ended June 30, 2008

Revenues

Information Management revenues of $222.7 during the first half of 2009 were down 31% compared to the corresponding period last year due to North American client migrations and international project completions that were partially offset by revenues from a new client.

Data processing revenues of $69.2 decreased 13% from the corresponding period last year reflecting North American client migrations partially offset by revenues from a new client. Compared to prior year, professional and consulting revenues of $78.6 decreased 37% from the corresponding period last year, reflecting international project completions and reduction in services resulting from client migrations. License and other revenues decreased 37% to $74.9, reflecting international project completions. In addition, prior year license and other revenues included a large amount of termination revenue resulting from the substantial completion of the Sprint Nextel migration.

Revenues from Sprint Nextel were down 83%, or approximately $40, in the first half of 2009 compared to the corresponding period last year. We expect revenues from Sprint Nextel to be down by approximately $50 for 2009, compared to 2008.

Costs and Expenses

Information Management total costs and expenses were $193.2, a 25% decline from the first half of 2008. Compared to prior year, Information Management cost of providing services and products sold during the first half of 2009 decreased 34% to $114.6. As a percentage of revenues, cost of providing services and products sold was 51.5% in the first half of 2009, down from 53.7% in the first half of 2008. Selling, general and administrative expenses of $36.5 in the first half of 2009 decreased 6% or approximately $2 compared to the prior year, reflecting benefits from reducing costs partially offset by increased sales and marketing efforts. As a percentage of revenues, selling, general and administrative expenses were 16.4% in the first half of 2009, compared to 11.9% in the prior year, due to revenue declines. The 38% increase in research and development costs reflects our focused increased spending at Information Management on strategic initiatives to enhance the functionality of our business support system and operational support system offerings. As noted under the heading, “Restructuring Charges,” we recorded a restructuring charge of $6.9 during the first quarter of 2008 to better align cost structure to future business needs as well as to shift the geographic mix of some of our resources.

Operating Income

As a result of the forgoing, Information Management operating income and operating margin during the first half of 2009 were $29.5 and 13.2%, respectively, compared with $67.4 and 20.8%, respectively, during the first half of 2008.

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HR MANAGEMENT

	Three Months Ended June 30,				Six Months Ended June 30,			
	2009	2008	Change	%	2009	2008	Change	%
Revenues	$ 73.0	$59.4	$ 13.6	23	$ 143.2	$136.6	$ 6.6	5
Cost of providing services and products sold	141.0	47.6	93.4	—	204.3	108.5	95.8	88
Selling, general and administrative expenses	16.2	13.3	2.9	22	29.8	30.1	(0.3)	(1)
Depreciation	2.4	2.1	0.3	14	4.9	4.1	0.8	20
Amortization	0.3	0.6	(0.3)	(50)	0.6	1.2	(0.6)	(50)
Restructuring charges	—	—	—	—	—	1.8	(1.8)	(100)
Asset impairment	32.5	—	32.5	—	32.5	—	32.5	—
Total costs	192.4	63.6	128.8	—	272.1	145.7	126.4	87
Operating Loss	$(119.4)	$ (4.2)	$(115.2)	—	$(128.9)	$ (9.1)	$(119.8)	—

Three Months Ended June 30, 2009 versus Three Months Ended June 30, 2008

Revenues

HR Management revenues in the second quarter of 2009 were $73.0, a 23% increase from the second quarter of 2008, reflecting revenue growth from early-stage operations of two large contracts.

Costs and Expenses

During the three months ended June 30, 2009, the Company recorded $121.0 of implementation-related and asset impairment charges related to two large HR Management contracts that are currently in the implementation phase. These charges principally reflect (a) the decision by one client to delay go-live with the next phase of the project on the expected schedule and, (b) a charge related to the other client contract, as we work towards negotiating a restructured agreement. The total charge of $121.0 includes (a) $88.5 recorded within the cost of providing services and products sold caption, related to excess implementation costs that were expensed rather than capitalized in accordance with the Company's accounting policy and anticipated costs related to restructure a contract and, (b) $32.5 recorded as asset impairment representing impairment of previously deferred costs related to contracts the Company anticipates restructuring. Cash to be spent in future quarters associated with these charges represents less than one-third of the total charges. See "HR Management" section on page 19 for additional discussions related to these client implementations.

HR Management cost of providing services and products sold during the second quarter of 2009 increased to $141.0 from $47.6 in the second quarter of 2008. This increase was largely related to $88.5 of charges recorded within the cost of providing services and products sold caption described above. Selling, general and administrative expenses of $16.2 in the second quarter of 2009 increased 22%, or $2.9 compared to the prior year. As a percentage of revenues, selling, general and administrative expenses were 22.2% in the second quarter of 2009, compared with 22.4% in the prior year.

Operating Income

As a result of the forgoing, HR Management operating loss for the three months ended June 30, 2009 was $119.4, compared with $4.2 during the second quarter of 2008.

Six Months Ended June 30, 2009 versus Six Months Ended June 30, 2008

Revenues

HR Management revenues in the first half of 2009 were $143.2, a 5% increase from the first half of 2008. Revenue growth in the 2009 from live operations of two large contracts was partially offset by a contract termination payment recorded in the prior year as well as elimination of pass-through revenues with a large HR Management outsourcing client beginning the third quarter of 2008.

Costs and Expenses

HR Management cost of providing services and products sold during the first half of 2009 increased to $204.3 from $108.5 in the first half of 2008. This increase was largely related to $97.1 of charges recorded within the cost of providing services and products sold caption, related to excess implementation costs that were expensed rather than capitalized in accordance with the Company's accounting policy and anticipated costs related to restructure a contract, as discussed above. The $97.1 charge includes $88.5 recorded during the three months ended June 30, 2009 and $8.6 recorded during the three months ended March 31, 2009. Selling, general and administrative expenses of $29.8 in the first half of 2009 were relatively flat compared to the prior year. As a percentage of revenues, selling, general and administrative expenses were 20.8% in the first half of 2009, compared with 22.0% in the prior year. As noted under the heading, "Restructuring Charges," we recorded a restructuring charge of $1.8 during the first quarter of 2008 to better align cost structure to future business needs. First half year of 2008 results also included a $2.9 gain from the sale of assets.

The 2009 asset impairment charge of $32.5 represents impairment of previously deferred costs related to contracts we anticipate restructuring as discussed above.

Operating Income

As a result of the forgoing, HR Management operating loss for the six months ended June 30, 2009 was $128.9, compared with $9.1 during the first half of 2008.

RESTRUCTURING CHARGES

2008 Restructuring

As discussed more fully in the "Restructuring" section of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, we initiated restructuring plans both in the first and fourth quarters of 2008.

Restructuring liability activity for the 2008 plans consisted of the following:

	2009	2008
Balance at January 1	$ 22.1	$ —
Severance charge	—	14.1
Severance payments	(11.1)	(5.4)
Balance at June 30	$ 11.0	$ 8.7

CLIENT CONCENTRATION

Our three largest clients accounted for 34.1% of our revenues during the first six months of 2009, compared to 31.6% in the same period of 2008. We serve AT&T, our largest client with 20.0% of revenues in the first six months of 2009, under Customer Management and Information Management contracts. We serve DirecTV and Comcast Corporation, our second and third largest clients during 2009, respectively, under Customer Management contracts. Volumes under certain of our long-term contracts are subject to variation based on, among other things, the spending by clients on outsourced customer support and subscriber levels.

BUSINESS OUTLOOK

Compared to the full year 2008, for 2009 we currently expect revenue growth in HR Management, flat revenue in Customer Management and revenue declines in Information Management.

As described in the "HR Management" section on pages 19 and 27, we are currently working with two clients to restructure HR Management implementation contracts. However, as we are in the negotiating process, it is not possible to estimate the timing or the amount of potential impact these contract restructurings could have on 2009 earnings. Given this uncertainty, we are now providing full year 2009 earnings guidance on a non-GAAP basis, which excludes the impact of HR Management-related charges in 2009 ($8.6 in the 2009 first quarter, $121.0 in the 2009 second quarter and potential future charges in the second half of 2009). Accordingly, this revised non-GAAP earnings guidance is not directly comparable to the 2009 GAAP earnings guidance previously provided. Future HR Management-related charges could be material to our consolidated financial results and Balance Sheet. Excluding the HR Management-related charges in 2009, we expect non-GAAP 2009 earnings of $1.00 to $1.10 per diluted share.

We expect 2009 free cash flow of $160 to $200. In addition, we expect approximately $40 cash flow from the Cellular Partnership that is not included in the 2009 free cash flow. This revised outlook reflects the uncertainty regarding the timing of future HR Management-related implementation spending and revenues received.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Flows

We believe that Convergys has adequate liquidity from cash and expected future cash flows to fund ongoing operations, invest in the business and make required debt payments. The Company's free cash flow, defined as cash flow from operating activities less capital expenditures (net of proceeds related to disposals) was $136.3 for the first six months of 2009, and we currently expect the full year 2009 free cash flow to be between $160 and $200, which is significantly higher than the 2008 free cash flow of $100. In addition, we expect approximately $40 cash flow from the Cellular Partnership that is not included in the estimated 2009 free cash flow above. We expect that the combination of 2009 free cash flow and the solid liquidity position as of June 30, 2009, including cash of $336.0 and the recently-closed accounts receivable securitization facility of $125, will provide us with the ability to fund ongoing operations, invest in the business and retire the remaining Unsecured Senior Notes of approximately $193 due in December 2009 without obtaining additional financing. However, we are examining opportunities to increase our financial flexibility through the capital markets.

Cash flow from operating activities generally provides us with a significant source of funding for our investing and financing activities. Cash flow from operating activities totaled $181.6 in the first six months of 2009, compared to $42.1 in the same period last year. Compared to the prior year, the $139.5 increase in cash flow from operations was largely driven by improvement in our accounts receivable collections, receipt of tax refunds of approximately $30 and increase in collection of implementation-related revenue. Days sales outstanding decreased to 60 days at June 30, 2009, versus 75 days at June 30, 2008. This performance measure is computed as follows: receivables, net of allowances, divided by average daily revenue.

We used $27.4 for investing activities during the first six months of 2009 compared to $37.4 during the first six months of 2008. The $10.0 decrease in amounts used in investing activities during the first six months of 2009 was mainly due to two small 2008 Information Management acquisitions.

We used $58.2 for financing activities during the first six months of 2009 compared to $70.1 during the first six months of 2008. During the first half of 2009, we retired $58.2 of our $250 Unsecured Senior Notes due in December 2009. We made no share repurchases during the first six months of 2009 compared to repurchases of 7.7 million of the Company's shares for $116.6 during the first six months of 2008.

During 2008, both Moody's and Standard and Poor's downgraded our credit ratings, and our debt is no longer considered investment grade by either agency. As of June 30, 2009, our credit ratings and outlook are as follows:

	Long-Term Debt	Outlook
Moody's	Ba1	Negative
Standard and Poor's	BB+	Negative

The changes in credit ratings had no material impact on the interest costs of our outstanding debt. However, this downgrade could impact our ability to raise capital in the future as well as increase borrowing costs.

The Company's free cash flows, defined as cash flow from operating activities less capital expenditures (net of proceeds related to disposals) were $136.3 and $0.7 for the first six months of 2009 and 2008, respectively. Compared to the prior year, the increase in free cash flow of $135.6 was due to a higher amount of cash generated from operating activities during the first six months of 2009 as discussed above. The Company uses free cash flow to assess the financial performance of the Company. The Company believes that free cash flow is useful to investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations, such as investment in the Company's existing businesses. Further, free cash flow facilitates management's ability to strengthen the Company's balance sheet, to repurchase the Company's common shares and to repay the Company's debt obligations. Limitations associated with the use of free cash flow include that it does not represent the residual cash flow available for discretionary expenditures as it does not incorporate certain cash payments including payments made on capital lease obligations or cash payments for business acquisitions. Management compensates for these limitations by utilizing both the non-GAAP measure, free cash flow, and the GAAP measure, cash from operating activities, in its evaluation of performance. There are no material purposes for which we use this non-GAAP measure beyond the purposes described above.

Capital Resources, Off-Balance Sheet Arrangements and Contractual Commitments

We believe that our financial structure and condition are solid. At June 30, 2009, total capitalization was $1,780.6 consisting of $607.8 of short-term and long-term debt and $1,172.8 of equity. This results in a total debt-to-total capital ratio of 34.1 % at June 30, 2009, compared to 36.7% at December 31, 2008.

We have borrowed the entire amount available under our $400 Five-Year Competitive Advance and Revolving Credit Facility. This borrowing was mainly to fund our acquisition of Intervoice that closed on September 3, 2008. The maturity date of the Revolving Credit Facility Agreement is October 20, 2011. The participating agents in the credit facility include JPMorgan Chase Bank, Citicorp USA, PNC Bank and Deutsche Bank AG. The Company's credit facility includes certain restrictive covenants including maintenance of interest coverage and debt-to-EBITDA ratios. Our interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) to consolidated interest expense, cannot be less than 4.00 to 1.00 for four consecutive quarters. Our debt-to-EBITDA ratio cannot be greater than 3.25 to 1.0 at any time. We were in compliance with all covenants at June 30, 2009.

In December 2004, the Company issued $250.0 in 4.875% Unsecured Senior Notes due December 15, 2009. The notes were offered and sold pursuant to a universal shelf registration statement, previously declared effective in June 2003. During the first half of 2009, we retired $58.2 of the outstanding debt. At June 30, 2009 and December 31, 2008, the senior notes had an outstanding balance of $192.6 and $249.8, respectively.

We lease certain facilities and equipment used in operations under operating leases. This includes the Company's office complex in Orlando, Florida, which is leased from Wachovia Development Corporation (Lessor), a wholly owned subsidiary of Wells Fargo & Company, under an agreement that expires in June 2010. Upon termination or expiration of the lease, the Company must either purchase the property from the Lessor for $65.0 or arrange to have the office complex sold to a third party. If the office complex is sold to a third party for an amount less than $65.0, the amount paid by the Lessor for the purchase of the complex from an unrelated third party, the Company has agreed under a residual value guarantee to pay the Lessor up to $55.0. If the office complex is sold to a third party for an amount in excess of $65.0, Convergys is entitled to collect the excess. As of June 30, 2009, we have recognized a liability of approximately $12 for the related residual value guarantee. The value of the guarantee was determined by computing the estimated present value of probability-weighted cash flows that might be expended under the guarantee. The Company recorded a liability for the fair value of the obligation with a corresponding asset recorded as prepaid rent, which is being amortized to rental expense over the lease term. The liability will remain on the balance sheet until the end of the lease

term. Under the terms of the lease, the Company also provides certain indemnities to the Lessor, including environmental indemnities. Due to the nature of such potential obligations, it is not possible to estimate the maximum amount of such exposure or the fair value. Convergys does not expect such amounts, if any, to be material. The Company has concluded that we are not required to consolidate the Lessor pursuant to FASB Interpretation No. 46R, “Consolidation of Variable Interest Entities,” an interpretation of ARB No. 51.

We did not repurchase any shares during the first six months of 2009. We repurchased 7.7 million shares for $116.6 during the first six months of 2008 pursuant to outstanding authorizations. We do not expect to execute any additional share repurchases during the remainder of 2009. The timing and terms of any future transactions depend on a number of considerations including market conditions and our liquidity. At June 30, 2009, the Company has the authority to purchase an additional 7.1 million common shares.

At June 30, 2009, we had outstanding letters of credit of approximately $40 and other bond obligations of approximately $40 related to performance and payment guarantees. We do not believe that any obligation that may arise will be material.

Historically, the Company believed that its ability to borrow was greater than its established credit facilities in place. Due to current financial and credit market conditions, we believe that there is only limited ability to borrow additional funds. At June 30, 2009, we had cash of $336.0 and $125 available under the accounts receivable securitization facility that was established on June 30, 2009.

The majority of the FIN 48 liability for unrecognized tax benefits of $65.3 at June 30, 2009 is expected to be settled within a three-year period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices. Our risk management strategy includes the use of derivative instruments to reduce the effects on our operating results and cash flows from fluctuations caused by volatility in currency exchange and interest rates. In using derivative financial instruments to hedge exposures to changes in exchange rates and interest rates, we expose ourselves to counterparty credit risk. We manage exposure to counterparty credit risk by entering into derivative financial instruments with highly-rated institutions that can be expected to perform fully under the terms of the agreements and by diversifying the number of financial institutions with which we enter into such agreements.

Interest Rate Risk

At June 30, 2009, we had $409.2 in outstanding variable rate borrowings. The carrying amount of our borrowings reflects fair value due to their short-term and variable interest rate features. Based upon our exposure to variable rate borrowings, a one percentage point change in the weighted average interest rate would change our annual interest expense by approximately $4.

We sometimes use interest rate swaps to hedge our interest rate exposure. These instruments are hedges of the variability of cash flows to be received or paid related to a recognized asset or liability. These contracts are entered into to protect against the risk that the eventual cash flows resulting from such transactions will be adversely affected by changes in interest rates. There were no outstanding interest rate swaps covering interest rate exposure at June 30, 2009.

Foreign Currency Exchange Rate Risk

Our Company serves many of our U.S.-based clients using contact center capacity in Canada, India and the Philippines. Although the contracts with these clients are typically priced in U.S. dollars, a substantial portion of the costs incurred to render services under these contracts are denominated in Canadian dollars (CAD), Philippine pesos (PHP) or Indian rupees (INR), which represents a foreign exchange exposure. As of June 30, 2009, we have hedged a portion of our exposure related to the anticipated cash flow requirements denominated in these foreign currencies by entering into forward contracts with several financial institutions to acquire a total of CAD 74.0 at a fixed price of $62.1 through June 2010, PHP 12,019.5 at a fixed price of $269.0 through September 2012 and INR 12,954.1 at a fixed price of

$303.0 through June 2012. Additionally, we entered into option contracts to purchase approximately PHP 1,491.3 for a fixed price of $37.0 through June 2010. The fair value of these derivative instruments as of June 30, 2009 is presented in Note 15 of the Notes to Consolidated Financial Statements. The potential loss in fair value at June 30, 2009 for such contracts resulting from a hypothetical 10% adverse change in all foreign currency exchange rates is approximately $67. This loss would be mitigated by corresponding gains on the underlying exposures.

Other foreign currency exposures arise from transactions denominated in a currency other than the functional currency and foreign denominated revenue and profit translated into U.S. dollars. We periodically enter into forward exchange contracts that are not designated as hedges. The purpose of these derivative instruments is to protect the Company against foreign currency exposure pertaining to receivables and payables that are denominated in currencies different from the functional currencies of the Company or the respective subsidiaries. As of June 30, 2009, the fair value of these derivatives was immaterial to the Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer evaluated, together with General Counsel, the Chief Accounting Officer and other key employees, the effectiveness of design and operation of the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Act)) as of the end of the quarter ended June 30, 2009. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the Evaluation Date such that the information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, and are effective to ensure that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

Client consolidations could result in a loss of clients and adversely affect our operating results.

We serve clients in industries that have experienced a significant level of consolidation. We cannot assure that additional consolidations will not occur in which our clients acquire additional businesses or are acquired themselves. Such consolidations may result in the termination of an existing client contract, which could have an adverse effect on our operating results.

In January 2008, AT&T, our largest client, informed us that it intends to migrate its subscribers from the legacy wireless billing system that we currently support through a managed services agreement onto AT&T's other wireless billing system over the next two years. While the migration is subject to change, we anticipate that this will result in a loss of revenue of approximately $25 and $60 in 2009 and 2010, respectively, compared to our 2008 Information Management revenues. The impact of this migration on the first six months of 2009 revenues was approximately $5 compared to the same period of 2008 Information Management revenues.

A large portion of our revenue is generated from a limited number of clients in the communications industry, and the loss of one or more of our clients, or weakness in the communications industry, could cause a reduction in our revenues and earnings.

We rely on several clients for a large percentage of our revenues. Our three largest clients, AT&T, DirecTV and Comcast Corporation, collectively represented 34.1 % of our revenues for the first six months of 2009. Our relationship with AT&T is represented by separate contracts/work orders with Customer Management and Information Management. Our relationship with DirecTV and Comcast Corporation is represented by contracts under Customer Management. We do not believe that it is likely that our entire relationship with AT&T would terminate at one time; and, therefore, we are not substantially dependent on any particular contract/work order. However, the loss of all of the contracts/work orders with a particular client at the same time or the loss of one or more of the larger contracts/work orders with a client would adversely affect our total revenues if the revenues from such client were not replaced with revenues from that client or other clients. Our revenues and earnings would also be negatively impacted by general weakness or slowdown in the communications industry.

A large portion of our accounts receivable are payable by a limited number of clients and the inability of any of these clients to pay its accounts receivable could cause a reduction in our revenues and earnings.

Several significant clients account for a large percentage of our accounts receivable. As of June 30, 2009, our three largest clients, AT&T, DirecTV and Comcast Corporation, collectively accounted for 31.8% of our accounts receivable. During the past four years, each of these clients has generally paid its accounts receivable on a timely basis, and write-downs that we have incurred in connection with such accounts receivable were consistent with write-downs that we incurred with other clients. We anticipate that several clients will continue to account for a large percentage of our accounts receivable. Although we currently do not expect payment issues with any of these clients, if any of them were unable or unwilling, for any reason, to pay our accounts receivable, our income would decrease. We have several important clients that are in industries, including automotive, that have been severely impacted by the current global economic slowdown. We also carry significant receivable balances with other clients whose declaration of bankruptcy could decrease our income. In addition, our income could be materially impacted by a number of small clients declaring bankruptcy in a short period of time.

If our clients are not successful, the amount of business that they outsource and the prices that they are willing to pay for such services may diminish and could result in a reduction of our revenues and earnings.

Our revenues depend on the success of our clients. If our clients or their specific programs are not successful, the amount of business that they outsource may be diminished. Thus, although we have signed contracts, many of which contain minimum revenue commitments, to provide services to our clients, there can be no assurance that the level of revenues generated by such contracts will meet expectations. This could result in stranded capacity and additional costs. In addition, we may face pricing pressure from clients, which could negatively affect our operating results.

Revenues in most of our larger HR Management contracts are partially based on our clients' headcount. Our revenues could be negatively impacted by headcount reductions and restructuring actions taken by our clients.

We process, transmit and store personally identifiable information and unauthorized access to or the unintended release of this information could result in a claim for damage or loss of business and create unfavorable publicity.

We process, transmit and store personally identifiable information, both in our role as a service provider and as an employer. This information may include social security numbers, financial and health information, as well as other personal information. As a result, we are subject to certain contractual terms, as well as federal, state and foreign laws and regulations designed to protect personally identifiable information. We take measures to protect against unauthorized access and to comply with these laws and regulations. We use the internet as a mechanism for delivering our services to clients, which may expose us to potential disruptive intrusions. Unauthorized access, system denials of service, or failure to comply with data privacy laws and regulations may subject us to contractual liability and damages, loss of business, damages from individual claimants, fines, penalties, criminal prosecution and unfavorable publicity, any of which could negatively affect our operating results and financial condition. In addition, third party vendors that we engage to perform services for us may have an unintended release of personally identifiable information.

The global scope, size and complexity of implementations in our HR Management business could cause delays and cost overruns in those projects, which could adversely affect our revenues, cash flows, profitability and balance sheet in a material manner.

Our large HR Management outsourcing contracts with global clients are complex as they involve providing multiple services such as payroll, recruiting, benefits administration, learning, compensation, talent management and human resources administration across many countries. Implementations of the contracts typically take a number of years to complete. Due to the complexity of the implementations and changes in customer requirements (e.g., an acquisition or disposition by a customer during the implementation or changes or developments in the customer's business), implementation cost overruns and delays are possible, especially on larger projects. Cost overruns can result in additional expense during the implementation period and over the life of the contract, which would likely affect the profitability of the contract and potentially result in charges, such as the $121.0 charge taken by the Company in the second quarter of 2009. The magnitude of these charges is difficult to estimate but could be material. Given the size of some of our HR Management implementations, the impact from these cost overruns or schedule delays can have a material adverse impact on our revenues, cash flows, profitability and balance sheet. Delays in completing the implementations can cause us to recognize revenue and profit from the contracts later than we anticipated when the initial contract was signed. In addition, depending upon circumstances, restructuring contracts that have previously been entered into could impact their future profitability and result in material charges.

Our ability to deliver our services is at risk if the technology and network equipment that we rely upon is not maintained or upgraded in a timely manner.

Technology is a critical foundation in our service delivery. We utilize and deploy internally developed and third party software solutions across various hardware environments. We operate an extensive internal voice and data network that links our global sites together in a multi-hub model that enables the rerouting of traffic. Also, we rely on multiple public communication channels for connectivity to our clients. Maintenance of and investment in these foundational components are critical to our success. If the reliability of technology or network operations fall below required service levels, or a systemic fault affects the organization broadly, business from our existing and potential clients may be jeopardized and cause our revenue to decrease.

Emergency interruption of data centers and Customer Management and HR Management contact centers could have a materially adverse effect on our financial condition and results of operations.

In the event that we experience a temporary or permanent interruption at one or more of our data or contact centers, through casualty, operating malfunction or other causes, we may be unable to provide the data processing, Customer Management and HR Management services we are contractually obligated to deliver. This could result in us being required to pay contractual damages to some clients or to allow some clients to terminate or renegotiate their contracts. Notwithstanding disaster recovery and business continuity plans and precautions instituted to protect our clients and us from events that could interrupt delivery of services (including property and business interruption insurance that we

maintain), there is no guarantee that such interruptions would not result in a prolonged interruption in our ability to provide support services to our clients or that such precautions would adequately compensate us for any losses we may incur as a result of such interruptions.

Defects or errors within our software could adversely affect our business and results of operations.

Design defects or software errors may delay software introductions or reduce the satisfaction level of clients and may have a materially adverse effect on our business and results of operations. Our software is highly complex and may, from time to time, contain design defects or software errors that may be difficult to detect and/or correct. Since both our clients and we use our software to perform critical business functions, design defects, software errors or other potential problems within or outside of our control may arise from the use of our software. It may also result in financial or other damages to our clients, for which we may be held responsible. Although our license agreements with our clients often contain provisions designed to limit our exposure to potential claims and liabilities arising from client problems, these provisions may not effectively protect us against such claims in all cases and in all jurisdictions. Claims and liabilities arising from client problems could result in monetary damages to us and could cause damage to our reputation, adversely affecting our business and results of operations.

If the global trend toward outsourcing does not continue, our financial condition and results of operations could be materially affected.

Revenue growth depends, in large part, on the trend toward outsourcing, particularly as it relates to our Customer Management and HR Management outsourcing operations. Outsourcing involves companies contracting with a third party, such as Convergys, to provide customer management and HR management services rather than performing such services in-house. There can be no assurance that this trend will continue, as organizations may elect to perform such services in-house. A significant change in this trend could have a materially adverse effect on our financial condition and results of operations.

We are susceptible to business and political risks from domestic and international operations that could result in reduced revenues or earnings.

We operate a global business and have facilities located throughout North and South America, Europe, the Middle East and the Asian Pacific region. As part of our strategy, we plan to capture more of the international BSS/OSS, customer management and HR management markets. Additionally, North American companies require offshore customer management outsourcing capacity. As a result, we expect to continue expansion through start-up operations and acquisitions in foreign countries. Expansion of our existing international operations and entry into additional countries will require management attention and financial resources. In addition, there are certain risks inherent in conducting business internationally including: exposure to currency fluctuations, longer payment cycles, greater difficulties in accounts receivable collection, difficulties in complying with a variety of foreign laws, changes in legal or regulatory requirements, difficulties in staffing and managing foreign operations, political instability and potentially adverse tax consequences. To the extent that we are adversely affected by these risks, our business could be adversely affected and our revenues and/or earnings could be reduced.

In addition, there has been political discussion and debate related to worldwide competitive sourcing, labor-related legislation, healthcare reform legislation and information-flow restrictions, particularly from the United States to offshore locations. Federal and state legislation has been proposed that relates to these issues. Future legislation, if enacted, could have an adverse effect on our results of operations and financial condition. In particular, proposed legislation, known as the Employee Free Choice Act, if enacted in its current form or a similar variation thereof, could make it easier for union organizing drives to be successful and could give third party arbitrators the ability to impose terms of collective bargaining upon both the Company and a labor union if the parties are unable to agree to the terms of a collective bargaining agreement within specified timelines.

Our earnings are affected by changes in foreign currency.

Customer Management serves an increasing number of its U.S.-based clients using contact center capacity in Canada, India and the Philippines. About one-half of our approximately 65,000 contact center employees are located outside the U.S. Although the contracts with these clients are typically priced in U.S. dollars, a substantial portion of the costs

incurred by Customer Management to render services under these contracts is denominated in Canadian dollars, Indian rupees or Philippine pesos, which represents a foreign exchange exposure to the Company. We enter into forward exchange contracts and options to limit potential foreign currency exposure. As the U.S. dollar weakens the operating expenses of these contact centers, translated into U.S. dollars, increase. The increase in operating expenses will be partially offset by gains realized through the settlement of the hedged instruments. As the derivative instruments that limit our potential foreign currency exposures are entered into over a period of several years, the overall impact to earnings will be determined by both the timing of the derivative instruments and the movement of the U.S. dollar. In addition to the impact on our operating expenses that support dollar-denominated Customer Management contracts, changes in foreign currency impact the results of our international business units that are located outside of North America.

If we do not effectively manage our capacity, our results of operations could be adversely affected.

Our ability to profit from the global trend toward outsourcing depends largely on how effectively we manage our Customer Management and HR Management contact center capacity. In order to create the additional capacity necessary to accommodate new or expanded outsourcing projects, we may need to open new contact centers. The opening or expansion of a contact center may result, at least in the short term, in idle capacity until we fully implement the new or expanded program. Expanded use of home agents is helping to mitigate this risk. We periodically assess the expected long-term capacity utilization of our contact centers. As a result, we may, if deemed necessary, consolidate, close or partially close under-performing contact centers to maintain or improve targeted utilization and margins. There can be no guarantee that we will be able to achieve or maintain optimal utilization of our contact center capacity.

As part of our effort to consolidate our facilities, we seek to sublease a portion of our surplus space, if any, and recover certain costs associated with it. To the extent that we fail to sublease such surplus space, our expenses will increase.

If we are unable to hire or retain qualified personnel in certain areas of our business, our ability to execute our business plans in those areas could be impaired and revenues could decrease.

We employ approximately 75,000 employees worldwide. At times, we have experienced difficulties in hiring personnel with the desired levels of training or experience. Additionally, in regard to the labor-intensive business of Customer Management, quality service depends on our ability to retain employees and control personnel turnover. Any increase in the employee turnover rate could increase recruiting and training costs and could decrease operating effectiveness and productivity. We may not be able to continue to hire, train and retain a sufficient number of qualified personnel to adequately staff new client projects. Because a significant portion of our operating costs relates to labor costs, an increase in wages, costs of employee benefits or employment taxes could have a materially adverse effect on our business, results of operations or financial condition.

War and terrorist attacks or other civil disturbances could lead to economic weakness and could disrupt our operations resulting in a decrease of our revenues and earnings.

In the recent past, war and terrorist attacks have caused uncertainty in the global financial markets and economy. Additional attacks and wars could contribute to economic instability in the United States and disrupt our operations in the U.S. and abroad. Such disruptions could cause service interruptions or reduce the quality level of the services that we provide, resulting in a reduction of our revenues. These activities may also cause our clients to delay or defer decisions regarding their use of our services and, thus, delay receipt of additional revenues. In addition, war and terrorist attacks in other regions could disrupt our operations and/or create economic uncertainty with our clients, which could cause a reduction in revenues and earnings.

General economic and market conditions may adversely affect the Company's financial condition, cash flow and results of operations.

Our results of operations are affected directly by the level of business activity of our clients, which in turn are affected by the level of economic activity in the industries and markets that they serve. Economic slowdowns in some markets, particularly in the United States, may cause reductions in spending by our clients, which may result in reductions in the growth of new business as well as reductions in existing business. If our clients enter bankruptcy or liquidate their operations, our revenues could be adversely affected. There can be no assurance that weakening economic conditions

throughout the world will not adversely impact our results of operations, cash flow and/or financial position. Further deterioration in equity markets will reduce the funded status of our pension plan, which will increase future required contributions. Reduced demand for our services could increase price competition.

We need to maintain adequate liquidity in order to have sufficient cash to meet operating cash flow requirements and to repay maturing debt and other obligations. If we fail to comply with the covenants contained in our various borrowing agreements, it may adversely affect our liquidity, results of operations and financial condition.

Our liquidity is a function of our ability to successfully generate cash flows from a combination of operations and access to capital markets. As of June 30, 2009, total cash and cash equivalents was $336.0. We believe our liquidity (including operating and other cash flows that we expect to generate) will be sufficient to meet operating requirements and required debt repayments as they occur; however, our ability to maintain sufficient liquidity going forward depends on our ability to generate cash from operations and access capital markets. As further described in the "Capital Resources" section of the Management Discussion and Analysis, our $400.0 revolving credit agreement contains certain restrictive covenants. At June 30, 2009, we were in compliance with all covenants in the agreements.

The Company's results of operations could be adversely affected by litigation and other commitments and contingencies.

The Company faces risks arising from various unasserted and asserted litigation matters, including, but not limited to, labor, commercial, securities law and patent infringement claims. Unfavorable outcomes in pending litigation matters, or in future litigation, could negatively affect the Company. Aggressive plaintiffs' counsel often file litigation on a wide variety of allegations, and even when the allegations are groundless, the Company may need to expend considerable funds and other resources to respond to and resolve such litigation.

In the ordinary course of business, the Company may make certain commitments, including representations, warranties and indemnities relating to current and past operations, including those related to acquired or divested businesses and issue guarantees of third party obligations.

If the Company were required to make payments as a result of any of these matters, they could exceed the amounts accrued, thereby adversely affecting the Company's results of operations, cash flows, financial condition, or business.

The Company's failure to successfully integrate or acquire businesses could cause its business to suffer.

Our expansion and growth may be dependent in part on our ability to make acquisitions. The risks we face related to acquisitions include that we could overpay for acquired businesses, face integration challenges, have difficulty finding appropriate acquisition candidates, and any acquired business could significantly under-perform relative to our expectations. If acquisitions are not successfully integrated, our revenues and profitability could be adversely affected as well as adversely impact our reputation.

The Company's debt ratings are no longer considered investment grade.

In 2008 Moody's and Standard and Poor's both downgraded the Company's debt ratings to below investment grade. This could impact our ability to raise capital in the future as well as increase borrowing costs. In addition, prospective clients and vendors may be less willing to do business with a provider with higher perceived credit risk or demand more onerous terms.

We may incur additional non-cash goodwill impairment charges in the future

As discussed more fully in the "Goodwill and Other Intangible Assets" section of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, we are required to test goodwill for impairment annually as of October 1 and at other times if events have occurred or circumstances exist that indicates the carrying value of goodwill may no longer be recoverable. During 2008 the Company recorded a non-cash goodwill impairment charge of $61.1. There can be no assurances that we will not incur additional charges in the future, particularly in the event of a prolonged economic slowdown.

We sometimes rely on business partners to market, develop and deliver our solutions. Their failure to perform could negatively impact our financial results and harm our reputation in the marketplace.

We use third party business partners to assist in project implementations, to provide components of our solutions and to expand our ability to sell into new markets. Failure of third parties to perform in a timely manner could result in contractual or regulatory penalties, project delays or cost overruns as well as a failure to close new business.

An outbreak of swine flu or a pandemic, or the threat of a pandemic, may adversely impact our ability to perform our services or may adversely impact client and consumer demand.

We are in a labor-intensive business, employing approximately 75,000 employees worldwide. A significant or widespread outbreak of swine flu, or a similar pandemic, or even a perceived threat of such an outbreak, could cause significant disruptions to our employee base and could adversely impact our ability to provide our services and deliver our products. This could have a significant impact on our business and our results of operations.

Our accounting for our long-term contracts requires using estimates and projections that may change over time. Such changes may have a significant or adverse effect on our reported results of operations and Consolidated Balance Sheet.

Projecting contract profitability on our long-term outsourcing contracts requires us to make assumptions and estimates of future contract results. All estimates are inherently uncertain and subject to change. In an effort to maintain appropriate estimates, we review each of our long-term outsourcing contracts, the related contract reserves and intangible assets on a regular basis. If we determine that we need to change our estimates for a contract, we will change the estimates in the period in which the determination is made. These assumptions and estimates involve the exercise of judgment and discretion, which may also evolve over time in light of operational experience, regulatory direction, developments in accounting principles and other factors. Further, initially foreseen effects could change over time as a result of changes in assumptions, estimates or developments in the business or the application of accounting principles related to long-term outsourcing contracts. Any such changes may have a significant or adverse effect on our reported results of operations and Consolidated Balance Sheet.

ITEM 1. LEGAL PROCEEDINGS

The information required by Item 1 is included in Note 12 of the notes to the Consolidated Financial Statements of this Form 10-Q.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no shares repurchased during the first six months of 2009 and from July 1, 2009 through the date of filing this report. At June 30, 2009, the Company was authorized to repurchase up to 7.1 million additional common shares.

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ITEM 6. EXHIBITS

(a) Exhibits.

The following are filed as Exhibits to Part II of this Form 10-Q:

Exhibit Number	
3.1	Amended Articles of Incorporation of the Company. (Incorporated by reference from Exhibit 3.1 to Form S-3 Registration Statement (File No. 333-43404) filed on August 10, 2000.)
3.2	Amended and Restated Code of Regulations of the Company. (Incorporated by reference from Exhibit 3.2 to Form 10-Q filed on May 5, 2009.)
10.1	Receivables Sales Agreement, dated as of June 30, 2009.
10.2	Receivables Purchase Agreement, dated as of June 30, 2009.
31.1	Rule 13(a) - 14(a) Certification by Chief Executive Officer.
31.2	Rule 13(a) - 14(a) Certification by Chief Financial Officer.
32.1	Certification by Chief Executive Officer of Periodic Financial Reports Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer of Periodic Financial Reports Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The Company will furnish, without charge, to a security holder upon request, a copy of the documents, or the portions thereof, which are incorporated by reference, and will furnish any other exhibit at cost.

ITEMS 3, 4 and 5 Are Not Applicable and Have Been Omitted

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Convergys Corporation

Date: August 4, 2009

/s/ Earl C. Shanks
Earl C. Shanks
Chief Financial Officer
(On behalf of the Registrant and as Chief Financial Officer)

Exhibit 10.1

Execution Version

RECEIVABLES SALE AGREEMENT

DATED AS OF JUNE 30, 2009

AMONG

CONVERGYS CORPORATION,
AS ORIGINATOR

AND

CONVERGYS FUNDING INC.,
AS BUYER

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EXHIBITS AND SCHEDULES

Exhibit I	-	Definitions
Exhibit II	-	States of Organization; Chief Executive Offices; Locations of Records; Federal Employer Identification Numbers; Organizational Identification Numbers; Other Names
Exhibit III	-	Lock-Boxes; Collection Accounts; Collection Banks
Exhibit IV	-	[Form of] Compliance Certificate
Exhibit V	-	Credit and Collection Policy
Exhibit VI	-	[Form of] Subordinated Note
Exhibit VII	-	[Form of] Receivables Report for the Originator
Schedule A		List of Documents to Be Delivered to Buyer Prior to the initial Purchase

RECEIVABLES SALE AGREEMENT

THIS RECEIVABLES SALE AGREEMENT, dated as of June 30, 2009, is by and among Convergys Corporation, an Ohio corporation (the ***"Originator"***), and Convergys Funding Inc., a Kentucky corporation (***"Buyer"***). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in ***Exhibit I*** hereto (or, if not defined in Exhibit I hereto, the meanings assigned to such terms in ***Exhibit I*** to the Purchase Agreement hereinafter defined).

PRELIMINARY STATEMENTS

The Originator now owns, and from time to time hereafter will own, Receivables. The Originator wishes to sell and assign to Buyer, and Buyer wishes to purchase from the Originator, all of the Originator's right, title and interest in and to its Receivables, together with the Related Security and Collections with respect thereto.

Each of the Originator and Buyer intends the transactions contemplated hereby to be true sales of the Receivables from the Originator to Buyer, providing Buyer with the full benefits of ownership of the Receivables originated by the Originator, and none of the Originator or Buyer intends these transactions to be, or for any purpose to be characterized as, loans from Buyer to the Originator.

Following the purchase of Receivables from the Originator, Buyer will sell undivided interests in the Receivables and in the associated Related Security and Collections pursuant to that certain Receivables Purchase Agreement dated as of June 30, 2009 (as the same may from time to time hereafter be amended, supplemented, restated or otherwise modified, the ***"Purchase Agreement"***) among Buyer, Convergys Corporation, an Ohio corporation (***"Convergys"***), as initial Servicer, Liberty Street Funding LLC, a Delaware limited liability company, (" ***Liberty Street*** " or the " ***Conduit*** "), The Bank of Nova Scotia, a Canadian chartered bank acting through its New York Agency (***"Scotiabank"***), and its assigns thereunder (collectively, the " ***Scotiabank Committed Purchasers*** " and, together with Liberty Street, the " ***Scotiabank Group*** "), Wachovia Bank, National Association (***"Wachovia"*** and each of the Conduit, the Scotiabank Committed Purchasers and Wachovia, a ***"Purchaser"*** and, collectively, the ***"Purchasers"***), Scotiabank, in its capacity as agent for the Scotiabank Group (the " ***Scotiabank Group Agent*** ") and Wachovia, in its capacity as administrative agent for Scotiabank Group, Wachovia and the Scotiabank Group Agent (in such capacity, together with its successors and assigns, the ***"Administrative Agent"***).

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.
AMOUNTS AND TERMS

Section 1.1 [Reserved]

Section 1.2 Sales of Receivables .

(a) In consideration for payment of the Purchase Price in accordance with Section 1.3 and upon the terms and subject to the conditions set forth herein, effective on the Effective Date, the Originator hereby sells, assigns, transfers, sets-over and otherwise conveys to Buyer, without recourse (except to the extent expressly provided herein), and Buyer hereby agrees to purchase from the Originator, all of the Originator's right, title and interest in and to all of the Originator's Receivables existing on the Initial Cutoff Date and all Receivables originated by the Originator on each day after the Initial Cutoff Date through and including the Termination Date, together, in each case, with all Related Security relating thereto and all Collections thereof. In connection with the payment of the Purchase Price for any Receivables purchased hereunder, Buyer may request that the Originator deliver, and the Originator shall deliver, such approvals, opinions, information, reports or documents as Buyer may reasonably request.

(b) It is the intention of the parties hereto that each Transfer of Receivables made hereunder shall constitute a "sale of accounts" (as such term is used in Article 9 of the UCC) or other outright conveyance, which Transfer is absolute and irrevocable and provides Buyer with the full benefits of ownership of the Receivables. Except for the Purchase Price Credits owed pursuant to Section 1.4 , the Transfers of Receivables hereunder are made without recourse to the Originator; ***provided, however,*** that (i) the Originator shall be liable to Buyer for all representations, warranties, covenants and indemnities made by the Originator pursuant to the terms of the Transaction Documents to which the Originator is a party, and (ii) such Transfers do not constitute and are not intended to result in an assumption by Buyer or any assignee thereof of any obligation of the Originator or any other Person arising in connection with the Receivables, the related Contracts and/or other Related Security or any other obligations of the Originator. In view of the intention of the parties hereto that each Transfer of Receivables made hereunder shall constitute a sale or other outright conveyance of such Receivables rather than a loan secured thereby, the Originator agrees that it will, on or prior to the Effective Date and in accordance with Section 4.1(e)(ii) , mark its master data processing records relating to the Receivables with a legend acceptable to Buyer and to the Administrative Agent (as Buyer's collateral assignee), evidencing that Buyer has purchased such Receivables as provided in this Agreement and agrees to note in its financial statements that its Receivables have been sold to Buyer. Upon the request of Buyer or the Administrative Agent (as Buyer's collateral assignee), the Originator will execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate to perfect and maintain the perfection of Buyer's ownership interest in the Receivables originated by the

Originator and the Related Security and Collections with respect thereto, or as Buyer or the Administrative Agent (as Buyer's collateral assignee) may reasonably request.

Section 1.3 Payment for the Purchases .

(a) The Purchase Price for each Receivable purchased on the Effective Date shall be due and owing in full by Buyer to the Originator or its designee on the Effective Date, and thereafter the Purchase Price for each Receivable shall be due and owing in full by Buyer to the Originator or its designee on the date each such Receivable comes into existence (except that Buyer may, with respect to any such Purchase Price, offset against such Purchase Price any amounts owed by the Originator to Buyer hereunder and which have become due but remain unpaid) and shall be paid to the Originator in the manner provided in the following paragraphs (b), (c) and (d).

(b) With respect to any Receivables coming into existence after the Initial Cutoff Date, on each Settlement Date, Buyer shall pay the Purchase Price therefor to the Originator in accordance with Section 1.3(d) and in the following manner:

first , by delivery of immediately available funds, to the extent of funds available to Buyer from its subsequent sale of an interest in the Receivables to the Administrative Agent for the benefit of the Purchasers under the Purchase Agreement, or other cash on hand; and/or

second , by delivery of the proceeds of a subordinated loan from the Originator to Buyer (a " ***Subordinated Loan*** ") in an amount not to exceed the lesser of (A) the remaining unpaid portion of such Purchase Price, and (B) the maximum Subordinated Loan that could be borrowed without rendering Buyer's Net Worth less than the Required Capital Amount. The Originator is hereby authorized by Buyer to endorse on the schedule attached to its Subordinated Note an appropriate notation evidencing the date and amount of each advance thereunder, as well as the date of each payment with respect thereto, provided that the failure to make such notation shall not affect any obligation of Buyer thereunder.

Subject to the limitations set forth in clause ***second*** above, the Originator irrevocably agrees to advance each Subordinated Loan requested by Buyer on or prior to the Termination Date. The Subordinated Loans shall be evidenced by, and shall be payable in accordance with the terms and provisions of the Originator's Subordinated Note and shall be payable solely from funds which Buyer is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the Administrative Agent or the Purchasers.

(c) From and after the Termination Date, the Originator shall not be obligated to (but may, at its option) sell its Receivables to Buyer, unless the Originator reasonably determines that the Purchase Price therefor will be satisfied with funds available to Buyer from sales of interests in the Receivables pursuant to the Purchase Agreement, Collections, proceeds of Subordinated Loans, other cash on hand or otherwise.

(d) Although the Purchase Price for each Receivable existing on the Initial Cutoff Date and all Receivables originated by the Originator on each day after the Initial Cutoff Date through and including the Effective Date shall be due and payable in full by Buyer to the Originator on the Effective Date and thereafter the Purchase Price for each Receivable shall be due and payable in full by Buyer to the Originator on the date such Receivable comes into existence, settlement of the Purchase Price between Buyer and the Originator shall be effected on a monthly basis on Settlement Dates with respect to all Receivables coming into existence during the same Calculation Period and based on the information contained in the Receivables Report delivered by the Servicer pursuant to Article VIII of the Purchase Agreement for the Calculation Period then most recently ended. Although settlement shall be effected on Settlement Dates, increases or decreases in the amount owing under the applicable Subordinated Note made pursuant to Section 1.3(b) shall be deemed to have occurred and shall be effective as of the last Business Day of the Calculation Period to which such settlement relates.

Section 1.4 Purchase Price Credit Adjustments . If on any day, the Originator is deemed to have received a Deemed Collection with respect to any Receivable sold by it to Buyer hereunder, then, in such event, Buyer shall be entitled to a credit (each, a ***"Purchase Price Credit"***) against the Purchase Price otherwise payable to the Originator hereunder in an amount equal to such Deemed Collection. If such Purchase Price Credit exceeds the original Outstanding Balance of the Receivables originated by the Originator on such day, then the Originator shall pay the remaining amount of such Purchase Price Credit in cash within 10 Business Days thereafter; ***provided*** that if the Termination Date has not occurred, the Originator shall be allowed to deduct the remaining amount of such Purchase Price Credit from any indebtedness owed to it under its Subordinated Note to the extent permitted thereunder.

Section 1.5 Payments and Computations, Etc. All amounts to be paid or deposited by Buyer hereunder shall be paid or deposited in accordance with the terms hereof on the day when due in immediately available funds to the account of the Originator designated from time to time by the Originator or as otherwise directed by the Originator. In the event that any payment owed by any Person hereunder becomes due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day. If any Person fails to pay any amount hereunder when due, such Person agrees to pay, on demand, interest thereon at the Default Rate in respect thereof until paid in full; ***provided*** , ***however*** , that such Default Rate shall not at any time exceed the maximum rate permitted by applicable law. All computations of interest payable hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

Section 1.6 Transfer of Records .

(a) In connection with each Transfer of a Receivable by the Originator hereunder, the Originator hereby sells, transfers, assigns and otherwise conveys to Buyer all of the Originator's right and title to and interest in the Records (other than the Specified Contracts) relating to such Receivable and, to the extent provided by Section 9-

404, 9-405, 9-406 or 9-408 of the UCC, the Specified Contracts relating to such Receivable, in each case without the need for any further documentation in connection with such Transfer. In connection with each such Transfer, the Originator hereby grants to each of Buyer, the Administrative Agent and the Servicer an irrevocable, non-exclusive license to use, without royalty or payment of any kind, all software used by the Originator to account for the Receivables originated or serviced by the Originator, to the extent necessary to administer such Receivables, whether such software is owned by the Originator or is owned by others and used by the Originator under license agreements with respect thereto, provided that should the consent of any licensor of such software be required for the grant of the license described herein, to be effective, the Originator hereby agrees that upon the request of Buyer (or the Administrative Agent, as Buyer's collateral assignee), the Originator will use its reasonable efforts to obtain the consent of such third-party licensor. The license granted hereby shall be irrevocable until the indefeasible payment in full of the Aggregate Unpaids, and shall terminate on the date this Agreement terminates in accordance with its terms.

(b) The Originator (i) shall take such action requested by Buyer and/or the Administrative Agent (as Buyer's collateral assignee), from time to time hereafter, that may be necessary or appropriate to ensure that Buyer has an enforceable ownership interest in the Records (other than the Specified Contracts) relating to the Receivables purchased from the Originator hereunder and to the extent provided by Section 9-404, 9-405, 9-406 or 9-408 of the UCC, the Specified Contracts relating to the Receivables purchased from the Originator hereunder, and (ii) shall use its reasonable efforts to ensure that Buyer, the Administrative Agent and the Servicer each has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for such Receivables and/or to recreate such Records.

Section 1.7 Characterization .

(a) If, notwithstanding the intention of the parties expressed in Section 1.2(b) , any sale by the Originator to Buyer of Receivables hereunder shall be characterized as a secured loan and not a sale, or such sale shall for any reason be ineffective or unenforceable, then this Agreement shall be deemed to constitute a security agreement under the UCC and other applicable law. For this purpose and without being in derogation of the parties' intention that each sale of Receivables hereunder shall constitute a true sale thereof, the Originator hereby grants to Buyer a valid and perfected security interest in all of the Originator's right, title and interest in, to and under all Receivables now existing and hereafter arising, and in all Collections and Related Security with respect thereto (including, without limitation, each Lock-Box and Collection Account), all other rights and payments relating to the Receivables and all proceeds of the foregoing to secure the prompt and complete payment of a loan deemed to have been made in an amount equal to the Purchase Price of the Receivables originated by the Originator together with all other obligations of the Originator hereunder, which security interest shall be prior to all other Adverse Claims thereto. Buyer shall have, in

addition to the rights and remedies which they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative. The Originator hereby authorizes Buyer (or the Administrative Agent, as Buyer's collateral assignee), within the meaning of Section 9-509 of any applicable enactment of the UCC, as secured party, to file, without the signature of the debtor, the UCC financing statements contemplated hereby.

(b) The Originator acknowledges that Buyer, pursuant to the Purchase Agreement, shall collaterally assign to the Administrative Agent, for the benefit of the Administrative Agent and the Purchasers thereunder, all of its rights, remedies, powers and privileges under this Agreement and that the Administrative Agent may further assign such rights, remedies, powers and privileges to the extent permitted in the Purchase Agreement. The Originator agrees that the Administrative Agent, as the collateral assignee of Buyer, shall, following the occurrence and during the continuance of an Amortization Event, have the right to enforce this Agreement and to exercise directly all of Buyer's rights and remedies under this Agreement (including, without limitation, the right to give or withhold any consents or approvals of Buyer to be given or withheld hereunder, and, in any case, without regard to whether specific reference is made to Buyer's assigns or collateral assignees in the provisions of this Agreement which set forth such rights and remedies) and the Originator agrees to cooperate fully with the Administrative Agent, the Scotiabank Group Agent and the Purchasers in the exercise of such rights and remedies. The Originator further agrees to give to the Administrative Agent copies of all notices it is required to give to Buyer hereunder.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of Originator . The Originator hereby represents and warrants to Buyer, as to the Originator and the Receivables originated by it, that, as of the date of each Purchase:

(a) Corporate Existence and Power . The Originator is a corporation duly organized, validly existing and in good standing under the laws of the state mentioned after its name in the preamble to this Agreement, and is duly qualified to do business and is in good standing as a foreign corporation, and has and holds all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery . The execution and delivery by the Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and the Originator's use of the proceeds of each Purchase made from it hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate action

on its part. This Agreement and each other Transaction Document to which the Originator is a party has been duly executed and delivered by the Originator.

(c) No Conflict; No Bulk Sale . The execution and delivery by the Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or by-laws or any shareholder agreements, voting trusts, and similar arrangements applicable to any of its authorized shares, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound (other than any breach of confidentiality of any Contract which results solely from disclosure of the existence of such Contract in an Invoice or Related Security relating to such Contract and which does not impair, restrict or any way affect the obligation of the applicable Obligor thereunder, including, without limitation, obligation to pay a specified sum of money thereunder), or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of the Originator or its Subsidiaries (except as created hereunder) except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect. No transaction contemplated hereby with respect to the Originator requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization . Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by the Originator of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits . There are no actions, suits or proceedings pending, or to the best of the Originator's knowledge, threatened, against or affecting the Originator, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. The Originator is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect . This Agreement and each other Transaction Document to which the Originator is a party constitute the legal, valid and binding obligations of the Originator enforceable against the Originator in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information . All information, other than Projections, heretofore furnished by a Responsible Officer of the Originator to Buyer (or to the Administrative Agent, as Buyer's collateral assignee) for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by a Responsible Officer of the

Originator to Buyer (or to the Administrative Agent, as Buyer's collateral assignee) will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(h) Use of Proceeds . No proceeds of any Purchase from the Originator hereunder will be used (i) for a purpose that violates, or would be inconsistent with, any law, rule or regulation applicable to the Originator or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title . Immediately prior to each Purchase from the Originator hereunder, the Originator (i) is the legal and beneficial owner of the Receivables which are to be the subject of such Purchase and (ii) is the legal and beneficial owner of the Related Security with respect thereto or possesses a valid and perfected security interest therein, in each case, free and clear of any Adverse Claim, except as created by the Transaction Documents.

(j) Perfection . This Agreement, together with the filing of the financing statements contemplated hereby, is effective to transfer to Buyer (and Buyer shall acquire from the Originator) (i) legal and equitable title to, with the right to sell and encumber each Receivable, whether now existing or hereafter arising, together with the Collections with respect thereto, and (ii) all of the Originator's right, title and interest in the Related Security associated with each such Receivable, in each case, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed (or delivered to the Administrative Agent (as Buyer's collateral assignee) in form suitable for filing) all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's ownership interest in the Receivables originated by the Originator, the Related Security and the Collections.

(k) Places of Business and Locations of Records . The state of organization and chief executive office of the Originator and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit II or such other locations of which Buyer has been notified in accordance with Section 4.2(a) in jurisdictions where all action required by Section 4.2(a) has been taken and completed. The Originator's Federal Employer Identification Number and organizational identification number are correctly set forth on Exhibit II.

(l) Collections . The conditions and requirements set forth in Section 4.1(i) have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of the Originator at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit III. The Originator has not granted any Person, other than Buyer (and, to the extent contemplated by the Purchase Agreement, the Servicer and the Administrative Agent, as Buyer's collateral assignee) dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect . Since December 31, 2008, no event has occurred that would have a Material Adverse Effect.

(n) Names . In the past five (5) years, the Originator has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement and as listed on Exhibit II.

(o) Ownership of Originator . Convergys owns, directly or indirectly, 100% of the issued and outstanding shares of capital stock of the Originator, free and clear of any Adverse Claim. Such capital stock is validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of the Originator or similar rights or agreements pursuant to which such Originator may be required to issue, sell, repurchase or redeem any of its capital stock.

(p) Not an Investment Company . The Originator is not an " investment company " within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law . The Originator has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation, except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy . The Originator has complied in all material respects with its Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy.

(s) Payments to the Originator . With respect to each Receivable transferred hereunder by the Originator to Buyer, the Purchase Price received by the Originator constitutes reasonably equivalent value in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by the Originator of any Receivable hereunder is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101 et seq.), as amended.

(t) Enforceability of Contracts . Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other

similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Nature of Receivables . Each Receivable is an "account" under and as defined in the UCC of all applicable jurisdictions.

(v) Accounting . The manner in which the Originator accounts for the transactions contemplated by this Agreement does not jeopardize the true sale analysis.

(w) Purpose . The Originator has determined that, from a business viewpoint, its sales of Receivables to Buyer and the other transactions contemplated herein and in the Purchase Agreement are in the best interests of the Originator.

(x) Eligible Receivables . Each Receivable that was included on any Receivables Report as an Eligible Receivable was an Eligible Receivable on the date on which it was sold to Buyer hereunder.

(y) Financial Information . All balance sheets, all statements of income and of cash flow and all other financial information of the Originator or its Subsidiaries (other than Projections) furnished to the Administrative Agent or any Purchaser and described in Section 7.1 have been and will be prepared in accordance with GAAP consistently applied, and do or will present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended; ***provided*** that unaudited financial statements of Buyer and each of Convergys and its Subsidiaries have been prepared without footnotes, without reliance on any physical inventory and are subject to year-end adjustments. Any Projections furnished by the Originator or by any Responsible Officer of the Originator to the Administrative Agent or any of the Purchasers for purposes of or in connection with this Agreement shall be, at the time so furnished, based upon estimates and assumptions stated therein, all of which the Originator believes to be reasonable and fair in light of conditions and facts known to the Originator at such time and reflect the good faith, reasonable and fair estimates by the Originator of the future performance of the Originator and the other information projected therein for the periods set forth therein.

(z) OFAC . Neither the Originator nor any Subsidiary of the Originator (i) is a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (iii) is a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

(aa) Patriot Act . The Originator and each Subsidiary of the Originator are in compliance, in all material respects, with the USA Patriot Act (Title 111 of Pub. L. 107-56 (signed into law October 26, 2001))(the " ***Act*** "). No part of the proceeds of the purchases hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended

(bb) ERISA . The Originator and each affiliate that is a member of the same Controlled Group as the Originator is in compliance in all material respects with ERISA, and no lien exists in favor of the PBGC on any of the Receivables.

ARTICLE III.
CONDITIONS OF PURCHASE

Section 3.1 Conditions Precedent to Initial Purchase . The initial Purchase from the Originator under this Agreement is subject to the conditions precedent that (a) Buyer shall have received on or before the date of such Purchase those documents listed on ***Schedule A*** and (b) all of the conditions to the initial purchase under the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

Section 3.2 Conditions Precedent to Subsequent Payments . Buyer's obligation to pay the Originator for Receivables coming into existence after the Initial Cutoff Date shall be subject to the further conditions precedent that: (a) the Facility Termination Date shall not have occurred; (b) Buyer (or the Administrative Agent, as Buyer's collateral assignee) shall have received such other opinions or documents as it may reasonably request pursuant to Section 6.2 of the Purchase Agreement, and (c) on the date such Receivable came into existence, the following statements shall be true (and acceptance of the proceeds of any payment for such Receivable shall be deemed a representation and warranty by the Originator that such statements are then true):

(i) the representations and warranties of the Originator set forth in Article II are true and correct on and as of the date such Receivable came into existence as though made on and as of such date; and

(ii) no event has occurred and is continuing that will constitute a Termination Event or a Potential Termination Event.

Section 3.3 Reaffirmation of Representations and Warranties . The Originator, by accepting the Purchase Price related to each Purchase of the Originator's Receivables and Related Security, shall be deemed to have certified that the representations and warranties of the Originator contained in Article II are true and correct as to the Originator on and as of the date of such Purchase, with the same effect as though made on and as of such day, and that each of the

applicable conditions precedent set forth in this Article III has been satisfied as of the date of such purchase.

ARTICLE IV.
COVENANTS

Section 4.1 Affirmative Covenants of Originator . Until the date on which this Agreement terminates in accordance with its terms, the Originator hereby covenants as set forth below:

(a) Financial Reporting . The Originator will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish to Buyer (or to the Administrative Agent, as Buyer's collateral assignee):

(i) Annual Reporting . Within 90 days after the end of each fiscal year of the Originator, consolidated statements of income, shareholders' equity and cash flows of Convergys and its Subsidiaries for such year and the related consolidated balance sheet as at the end of such year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said consolidated financial statements fairly present in all material respects the consolidated financial condition and results of operations of the Originator and its Subsidiaries as at the end of, and for, such fiscal year (it being agreed that the furnishing of Convergy's annual report on Form 10-K for such year containing such financial statements, as filed with the SEC and posted on the SEC's website at www.sec.gov , will satisfy the obligation to deliver such annual financials under this Section 4.1(a)(i)).

(ii) Quarterly Reporting . Within 45 days after the end of each fiscal quarter of the Originator other than the last fiscal quarter in each fiscal year, consolidated statements of income, shareholders' equity and cash flows of Convergys and its Subsidiaries for such fiscal quarter and for the portion of the fiscal year ended at the end of such fiscal quarter, and the related consolidated balance sheet as at the end of such fiscal quarter, accompanied, in each case, by a certificate of a Senior Officer, which certificate shall state that said consolidated financial statements fairly present in all material respects the consolidated financial condition and results of operations of Convergys in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments) (it being agreed that the furnishing of the Convergy's quarterly report on Form 10-Q for such quarter containing such financial statements, as filed with the SEC and posted on the SEC's website at www.sec.gov , will satisfy the obligation to deliver such quarterly financials under this Section 4.1(a)(ii)).

(iii) Compliance Certificate . Together with the financial statements required hereunder, a compliance certificate in substantially the form of ***Exhibit IV*** signed by an Authorized Officer of the Originator and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports . Promptly upon the furnishing thereof to the shareholders of Convergys, copies of all financial statements, reports and proxy statements so furnished.

(v) SEC Filings . Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports (other than SEC Forms 10-K and 10-Q filed by Convergys and delivered in accordance with Sections 4.1(a)(i) and (ii) and other than SEC Forms 3, 4 or 5) which Convergys or any of its Subsidiaries files with the SEC.

(vi) Copies of Notices . Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Buyer, any of the Agents or any of the Purchasers, copies of the same.

(vii) Change in Credit and Collection Policy . At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Originator's Credit and Collection Policy, a copy of its Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting Buyer's (and the Administrative Agent's, as Buyer's assignee) consent thereto.

(viii) Other Information . Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of the Originator as Buyer (or the Administrative Agent, as Buyer's collateral assignee) may from time to time reasonably request in order to protect the interests of Buyer (and the Administrative Agent, as Buyer's collateral assignee) under or as contemplated by this Agreement.

(b) Notices . The Originator will notify the Buyer (and the Administrative Agent, as Buyer's collateral assignee) in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Termination Events or Potential Termination Events . The occurrence of each Termination Event and each Potential Termination Event, by a statement of an Authorized Officer of the Originator.

(ii) Judgment and Proceedings . (1) The entry of any judgment or decree against the Originator or any of its Subsidiaries in excess of $15,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Originator which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(iii) Material Adverse Effect . The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Defaults Under Other Agreements . The occurrence of a default or an event of default under any other financing arrangement involving Indebtedness or a line of credit in excess of $5,000,000 pursuant to which the Originator is a debtor or an obligor.

(v) Downgrade of Convergys . Any downgrade in the rating of any Indebtedness of Convergys by Standard and Poor's Ratings Group or by Moody's Investors Service, Inc., setting forth the Indebtedness affected and the nature of such change.

(c) Compliance with Laws and Preservation of Corporate Existence . The Originator will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. The Originator will preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where its business is conducted, except where the failure to so qualify or remain in good standing could not reasonably be expected to have a Material Adverse Effect.

(d) Audits . The Originator will furnish to Buyer (and to the Administrative Agent and each Purchaser, as Buyer's collateral assignees) from time to time such information with respect to it and the Receivables originated or serviced by it as Buyer (or the Administrative Agent or any of the Purchasers) may reasonably request. The Originator will, from time to time during regular business hours as requested by Buyer (or the Administrative Agent or any of the Purchasers), upon reasonable notice and at the sole cost of the Originator, permit Buyer and the Administrative Agent and each of the Purchasers or their respective agents or representatives: (i) to examine and make copies of and abstracts from all Records (other than Excluded Contracts) in the possession or under the control of the Originator relating to such Receivables and the Related Security (other than Excluded Contracts), including, without limitation, the related Contracts (other than Excluded Contracts) and the related Invoices, and (ii) to visit the offices and properties of the Originator for the purpose of examining such materials described in clause (i)

above, and to discuss matters relating to the Originator's financial condition or such Receivables and the Related Security or the Originator's performance under any of the Transaction Documents or the Originator's performance under the Contracts and, in each case, with any of the officers or employees of the Originator having knowledge of such matters (each of the foregoing examinations and visits, a ***"Review"***); ***provided, however,*** that, except in connection with an Extension Request under and as defined in the Purchase Agreement, so long as no Amortization Event or Potential Amortization Event (each, as defined in the Purchase Agreement) has occurred, the Originator shall only be responsible for the costs and expenses of two (2) Reviews in any one calendar year.

(e) Keeping and Marking of Records and Books .

(i) The Originator will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables originated by it in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all such Receivables (including, without limitation, records adequate to permit the immediate identification of each such new Receivable and all Collections of and adjustments to each such existing Receivable). The Originator will give Buyer (and the Administrative Agent and each Purchaser, as Buyer's collateral assignees) notice of any material change in the administrative and operating procedures referred to in the previous sentence other than a change in the type of software used by the Originator.

(ii) The Originator will: (A) on or prior to the Effective Date, mark its master data processing records and other books and records relating to the Receivables originated by it with a legend, acceptable to Buyer (and to the Administrative Agent, as Buyer's collateral assignee), describing Buyer's ownership interests in such Receivables and further describing the Receivables Interests of the Administrative Agent (on behalf of the Purchasers) under the Purchase Agreement and (B) upon the request of Buyer (or the Administrative Agent or any of the Purchasers, as Buyer's collateral assignees) following the occurrence of a Termination Event or an Amortization Event (as defined in the Purchase Agreement: (x) mark each Contract with a legend describing Buyer's ownership interests in such Receivables and further describing the Receivables Interests of the Administrative Agent (on behalf of the Purchasers) and (y) deliver to Buyer (or, following the occurrence and during the continuance of an Amortization Event, to the Administrative Agent, as Buyer's collateral assignee) all Contracts (including, without limitation, all multiple originals of any such Contract that constitutes an instrument, a certificated security or chattel paper under the UCC but excluding Excluded Contracts) and all Invoices (including, without limitation, all multiple originals of any such Invoice that constitutes an

instrument, a certificated security or chattel paper under the UCC) relating to such Receivables.

(f) Compliance with Contracts and Credit and Collection Policy . The Originator will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables originated or serviced by it, and (ii) comply in all material respects with its Credit and Collection Policy in regard to each such Receivable and the related Contract.

(g) Ownership . The Originator will take all necessary action to establish and maintain, irrevocably in Buyer, (i) legal and equitable title to the Receivables originated by the Originator and the associated Collections and (ii) all of the Originator's right, title and interest in the Related Security associated with such Receivables, in each case, free and clear of any Adverse Claims other than Adverse Claims in favor of Buyer (and the Administrative Agent, as Buyer's collateral assignee) (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Buyer as Buyer (or the Administrative Agent, as Buyer's collateral assignee) may reasonably request).

(h) Purchasers' Reliance . The Originator acknowledges that the Administrative Agent and the Purchasers are entering into the transactions contemplated by the Purchase Agreement in reliance upon Buyer's identity as a legal entity that is separate from the Originator and any Affiliates thereof. Therefore, from and after the date of execution and delivery of this Agreement, the Originator will take all reasonable steps including, without limitation, all steps that Buyer (or the Administrative Agent, as Buyer's collateral assignee) may from time to time reasonably request to maintain Buyer's identity as a separate legal entity and to make it manifest to third parties that Buyer is an entity with assets and liabilities distinct from those of the Originator and any Affiliates thereof and not just a division of the Originator or any such Affiliate. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Originator (i) will not hold itself out to third parties as liable for the debts of Buyer nor purport to own the Receivables and other assets acquired by Buyer, (ii) will take all other actions necessary on its part to ensure that Buyer is at all times in compliance with the covenants set forth in Section 7.1(i) of the Purchase Agreement and (iii) will cause all tax liabilities arising in connection with the transactions contemplated herein or otherwise to be allocated between the Originator and Buyer on an arm's-length basis and in a manner consistent with the procedures set forth in U.S. Treasury Regulations §§1.1502-33(d) and 1.1552-1.

(i) Collections . The Originator shall direct all Obligors to make payments of the Originator's Receivables directly to a Lock Box or Collection Account that has been transferred into the name of the Buyer (or the Administrative Agent, as Buyer's collateral assignee) and is the subject of a Collection Account Agreement at a Collection Bank. If, notwithstanding the foregoing, any Obligor makes payment to the Originator, the Originator further agrees to remit any Collections (including any security deposits applied to the

Outstanding Balance of any Receivable) that it receives on such Receivables directly to a Collection Bank for deposit into a Collection Account within two (2) Business Days after receipt thereof, and agrees that all such Collections shall be deemed to be received in trust for Buyer (and the Administrative Agent, as Buyer's collateral assignee); ***provided that,*** to the extent permitted pursuant to Section 1.3 , the Originator may retain such Collections as a portion of the Purchase Price then payable to or apply such Collections to the reduction of the outstanding balance of its Subordinated Note.

(j) Taxes . Except to the extent that the Originator is included in consolidated tax returns or reports filed by Convergys, the Originator will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books. The Originator will also pay when due any taxes payable in connection with the Receivables originated by it, exclusive of taxes on or measured by income or gross receipts of Buyer and its assigns.

(k) Insurance . The Originator will maintain in effect, at the Originator's expense, such casualty and liability insurance as the Originator deems appropriate in its good faith business judgment. The Originator will pay the premiums therefor. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, the Originator's obligations hereunder.

(l) Reports . The Originator shall prepare the following reports and forward to the Servicer (i) on the 20 th day of each month or if such date is not a Business Day, the next Business Day, and at such times as the Servicer shall request (the ***"Receivables Reporting Date"***), a Receivables Report and (ii) at such times as the Servicer shall reasonably request, a listing by Obligor of all Receivables originated by the Originator together with an aging of such Receivables.

Section 4.2 Negative Covenants of Originator . Until the date on which this Agreement terminates in accordance with its terms, the Originator hereby covenants that:

(a) Name Change, Offices and Records . The Originator will not (i) change its name (within the meaning of Section 9-507(c) of any applicable enactment of the UCC), identity, corporate structure or location of books and records unless, at least fifteen (15) Business Days prior to the effective date of any such name change, change in corporate structure or change in location of books and records, the Originator notifies Buyer thereof and delivers to Buyer (or to the Administrative Agent, as Buyer's collateral assignee) such financing statements (Forms UCC-1 and UCC-3) executed by the Originator (if required under applicable law) which Buyer (or the Administrative Agent, as Buyer's collateral assignee) may reasonably request to reflect such name change, location change or change in corporate structure, together with such other documents and instruments that Buyer (or the Administrative Agent, as Buyer's collateral assignee) may reasonably request in connection therewith and has taken all other steps to ensure

that Buyer continues to have an exclusive perfected ownership or security interest in the Receivables originated by it, the Related Security related thereto and any Collections thereon, or (ii) change its jurisdiction of organization unless Buyer (and the Administrative Agent, as Buyer's collateral assignee) shall have received from the Originator, prior to such change, (A) those items described in clause (i) hereof, and (B) if Buyer (or the Administrative Agent, as Buyer's collateral assignee) shall so request, an opinion of counsel, in form and substance reasonably satisfactory to such Person, as to such organization and the Originator's valid existence and good standing and the perfection and priority of Buyer's ownership or security interest in the Receivables originated by the Originator and the Related Security and the Collections related thereto.

(b) Change in Payment Instructions to Obligors . The Originator will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless Buyer (and the Administrative Agent, as Buyer's collateral assignee) shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that the Originator may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection Policy . The Originator will not make any change to its Credit and Collection Policy that could adversely affect the collectibility of the Receivables originated or serviced by the Originator or decrease the credit quality of any such newly created Receivables. Except as otherwise permitted in its capacity as a permitted sub-Servicer pursuant to Article VIII of the Purchase Agreement, the Originator will not extend, amend or otherwise modify the terms of any Receivable originated or serviced by it or any Contract related thereto in any material respect other than in accordance with its Credit and Collection Policy.

(d) Sales, Liens . Except pursuant to the Transaction Documents, the Originator will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable originated by it or the associated Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Buyer provided for herein), and the Originator will defend the right, title and interest of Buyer in, to and under any of the foregoing property, against all claims of third parties claiming through or under the Originator. The Originator shall not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory.

(e) Accounting for Purchase . The Originator will not, and will not permit any Affiliate to, account for the transactions contemplated hereby in any manner other than as a sale by the Originator to Buyer of Receivables originated by the Originator and the associated Collections and Related Security.

ARTICLE V.
TERMINATION EVENTS

Section 5.1 Termination Events . The occurrence of any one or more of the following events shall constitute a "Termination Event" with respect to the Originator:

(a) The Originator shall fail to make any payment or deposit required hereunder on or within one (1) Business Day after the date on which the same is required to be made.

(b) The Originator or Performance Guarantor shall fail to perform or observe any covenant contained in Section 4.1(l) or any provision of Section 4.2 .

(c) (i) The Originator or Performance Guarantor shall fail to perform or observe any other covenant, agreement or other obligation hereunder (other than as referred to in another paragraph of this Section 5.1) or any other Transaction Document to which it is a party and such failure shall continue for three (3) consecutive Business Days following the earlier to occur of (i) notice from Buyer (or the Administrative Agent or any Purchaser, as its collateral assignee) of such non-performance or non-observance, or (ii) the date on which a Responsible Officer of the Originator (or Performance Guarantor, as the case may be) otherwise becomes aware of such non-performance or non-observance.

(d) Any representation, warranty, certification or statement made by the Originator in this Agreement, any other Transaction Document or in any other document required to be delivered pursuant hereto or thereto shall prove to have been incorrect or misleading when made or deemed made in any material respect, ***provided that*** the materiality threshold in this subsection shall not be applicable with respect to any representation or warranty which itself contains a materiality threshold.

(e) The Originator shall default, or the Performance Guarantor or any of its Subsidiaries (other than the Originator) shall default, in the payment when due of any principal or of or interest on any Material Indebtedness or shall fail to observe or perform any other agreement or condition relating to any such Material Indebtedness and such default has not been waived by the applicable lenders before the expiration of any applicable grace periods; or any other event or condition shall occur which results in a default under any such Material Indebtedness.

(f) (i) The Originator, Performance Guarantor or any of their respective Subsidiaries shall generally not pay its debts as such debts become due or shall admit in

writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against the Originator, Performance Guarantor or any of their respective Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, and in the case of any such proceeding instituted against (but not instituted by) it, either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property) shall occur or (iii) the Originator, Performance Guarantor or any of their respective Subsidiaries shall take any corporate action to authorize any of the actions set forth in the foregoing clauses (i) or (ii) of this subsection (f).

(g) A Change of Control or a Credit Agreement Change of Control shall occur with respect to the Originator or Performance Guarantor.

(h) One or more final judgments for the payment of money in an amount in excess of $15,000,00, individually or in the aggregate, shall be entered against the Originator or Performance Guarantor on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

Section 5.2 Remedies . Upon the occurrence and during the continuation of a Termination Event, Buyer may take any of the following actions: (i) declare the Termination Date to have occurred, whereupon the Termination Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by the Originator; ***provided*** , ***however*** , that upon the occurrence of a Termination Event described in Section 5.1(f) , or of an actual or deemed entry of an order for relief with respect to Performance Guarantor or the Originator under the Federal Bankruptcy Code, the Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by the Originator and (ii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any amounts then due and owing by the Originator to Buyer. The aforementioned rights and remedies shall be without limitation and shall be in addition to all other rights and remedies of Buyer (or the Administrative Agent, as Buyer's collateral assignee) otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE VI.
INDEMNIFICATION

Section 6.1 Indemnities by Originator . Without limiting any other rights that Buyer may have hereunder or under applicable law, the Originator hereby agrees to indemnify (and pay upon demand to) Buyer and its assigns, officers, directors, agents and employees (each, an ***"Indemnified Party"***) from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of Buyer or any such assign) and disbursements (all of the foregoing being collectively referred to as ***"Indemnified Amounts"***) awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by Buyer of an interest in the Receivables originated by the Originator, excluding, however, in all of the foregoing cases:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) taxes imposed by the United States, the Indemnified Party's jurisdiction of organization (or, in the case of an individual, primary residence) or any other jurisdiction in which such Indemnified Party has established a taxable nexus other than in connection with the transactions contemplated hereby and by the Purchase Agreement on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the Intended Characterization;

provided, however, that nothing contained in this sentence shall limit the liability of the Originator or limit the recourse of Buyer to the Originator for amounts otherwise specifically provided to be paid by the Originator under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, but subject to the exclusions in clauses (a), (b) and (c) above, the Originator shall indemnify Buyer for Indemnified Amounts (including, without limitation, losses in respect of uncollectible Receivables, regardless of whether reimbursement therefor would constitute recourse to the Originator) relating to or resulting from:

(i) any representation or warranty made by the Originator (or any of its officers) under or in connection with this Agreement, any other Transaction Document to which the Originator is a party or any other information or report required to be delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by the Originator to comply with any applicable law, rule or regulation with respect to any Receivable originated by it, or any Contract related thereto, or the nonconformity of any such Receivable or Contract with any such applicable law, rule or regulation or any failure of the Originator to keep or perform any of its obligations, express or implied, with respect to any such Contract;

(iii) any failure of the Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document to which it is a party;

(iv) any products liability, environmental liability, personal injury or damage suit, or other similar claim arising out of or in connection with goods that are the subject of any Contract or any Receivable originated by the Originator;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable originated by the Originator (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of goods or services related to such Receivable or the furnishing or failure to furnish such goods or services;

(vi) the commingling of Collections of such Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document to which the Originator is a party, the transactions contemplated hereby, the use by the Originator of the proceeds of any purchase from it hereunder or any other investigation, litigation or proceeding relating to the Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any such Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) (A) failure of the Originator generally to pay its debts as such debts become due or admission by the Originator in writing of its inability to pay its debts generally or any making by the Originator of a general assignment for the benefit of creditors; or (B) the institution of any proceeding by or against the Originator seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or

reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property, or (C) the taking by the Originator of any corporate action to authorize any of the actions set forth in clauses (A) or (B) above in this clause (ix);

(x) any failure to vest and maintain vested in Buyer, or to transfer to Buyer, legal and equitable title to, and ownership of, an exclusive perfected ownership interest in the Receivables originated by the Originator and the associated Related Security and Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any such Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of sale to Buyer or at any subsequent time; and

(xii) any action or omission by the Originator which reduces or impairs the rights of Buyer with respect to any Receivable or the value of any such Receivable.

Section 6.2 Other Costs and Expenses . In addition to the obligations of the Originator under Section 6.1 , the Originator agrees to pay on demand:

(a) all reasonable costs and expenses, including attorneys' fees, in connection with the enforcement against the Originator of this Agreement and the other Transaction Documents executed by the Originator; and

(b) all stamp duties and other similar filing or recording taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents executed by the Originator, and agrees to indemnify Indemnified Parties against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

ARTICLE VII.
MISCELLANEOUS

Section 7.1 Waivers and Amendments .

(a) No failure or delay on the part of Buyer (or, following the occurrence and during the continuance of an Amortization Event, the Administrative Agent, as Buyer's collateral assignee) in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power,

right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing signed by the Originator and Buyer and, to the extent required under the Purchase Agreement, the Agents and/or the Purchasers.

Section 7.2 Notices . All communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (a) if given by telecopy, upon the receipt thereof, (b) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (c) if given by any other means, when received at the address specified in this Section 7.2 .

Section 7.3 Protection of Ownership Interests of Buyer .

(a) The Originator agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Buyer (or the Administrative Agent, as Buyer's collateral assignee) may request, to perfect, protect or more fully evidence the interest of Buyer hereunder and the Receivables Interests, or to enable Buyer (or, following the occurrence and during the continuance of an Amortization Event, the Administrative Agent, as Buyer's collateral assignee) to exercise and enforce its (or their) rights and remedies hereunder. At any time, Buyer may, at the Originator's sole cost and expense, direct the Originator to notify the Obligors of Receivables originated or serviced by it of the ownership interests of Buyer under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Buyer or its designee.

(b) If the Originator fails to perform any of its obligations hereunder, Buyer may (but shall not be required to) perform, or cause performance of, such obligation, and Buyer's costs and expenses incurred in connection therewith shall be payable by the Originator as provided in Section 6.2 . The Originator irrevocably authorizes Buyer (and, from and after the occurrence and during the continuance of an Amortization Event, the Administrative Agent, as Buyer's collateral assignee) at any time and from time to time in the sole discretion of Buyer (or the Administrative Agent), and appoints Buyer (and, from and after the occurrence and during the continuance of an Amortization Event, the Administrative Agent) as its attorney(ies)-in-fact, to act on behalf of the Originator (i) to

execute on behalf of the Originator as debtor and to file financing statements necessary or desirable in Buyer's sole discretion to perfect and to maintain the perfection and priority of the ownership interest of Buyer in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Buyer (or, as applicable, the Administrative Agent) in its sole discretion deem necessary or desirable to perfect and to maintain the perfection and priority of Buyer's interests in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 7.4 Confidentiality .

(a) Each of the parties hereto shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Fee Letters and the other confidential or proprietary information with respect to the Originator (including, without limitation, confidential information with respect to its Obligors), the Administrative Agent, the Purchasers and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such party and its officers and employees may disclose such information (i) to such party's external accountants and attorneys and (ii) as required by any applicable law, regulation or order of any judicial or administrative proceeding provided that each party shall use commercially reasonable efforts to ensure, to the extent permitted given the circumstances, that any such information which is so disclosed is kept confidential.

(b) Anything herein to the contrary notwithstanding, the Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Administrative Agent and each of the Purchasers, (ii) to any prospective or actual assignee or participant of the Administrative Agent or any of the Purchasers, and (iii) to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to a Purchaser or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which any of the Purchasers acts as the administrative agent or administrator and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is advised of the confidential nature of such information and, in the case of a Person described in clause (ii) above, agrees to be bound by the provisions of this Section 7.4 . In addition, the Administrative Agent and each Purchaser may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law) although each of them shall use commercially reasonable efforts to ensure, to the extent permitted given the circumstances, that any such information which is so disclosed is kept confidential.

Section 7.5 Bankruptcy Petition .

The Originator covenants and agrees that, prior to the date that is one year and one day after the payment in full of all Aggregate Unpaids under the Purchase Agreement, it will not institute against, or join any other Person in instituting against, Buyer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 7.6 CHOICE OF LAW . THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

Section 7.7 CONSENT TO JURISDICTION . THE ORIGINATOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY THE ORIGINATOR PURSUANT TO THIS AGREEMENT, AND THE ORIGINATOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF BUYER (OR ITS ASSIGNS) TO BRING PROCEEDINGS AGAINST THE ORIGINATOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE ORIGINATOR AGAINST BUYER (OR ITS ASSIGNS) OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY THE ORIGINATOR PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

Section 7.8 WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY THE ORIGINATOR PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 7.9 Integration; Binding Effect; Survival of Terms .

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the Originator, Buyer and their respective successors and permitted assigns (including any trustee in bankruptcy). The Originator may not assign any of its rights and obligations hereunder or any interest herein without the prior written consent of Buyer. Buyer may pledge and assign at any time its rights and obligations hereunder and interests herein to any other Person without the consent of the Originator, and hereby notifies the Originator that it has pledged and collaterally assigned its right, title and interest hereunder with respect to each Receivable in which the Purchasers have acquired any interest under the Receivables Purchase Agreement to the Administrative Agent, for the benefit of the Administrative Agent and each Purchaser under the Purchase Agreement. This Agreement shall create and constitute the continuing obligation of each of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by the Originator pursuant to Article II; (ii) the indemnification and payment provisions of Article VI; and (iii) Section 7.5 shall be continuing and shall survive any termination of this Agreement.

Section 7.10 Counterparts; Severability; Section References . This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to " Article, " " Section, " " Schedule " or " Exhibit " shall mean articles and sections of, and schedules and exhibits to, this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

CONVERGYS CORPORATION

By: /s/ Timothy M. Wesolowski
Senior Vice President and Controller

Address: 201 East Fourth Street
Cincinnati, Ohio 45202
Attention: Karen R. Bowman
Fax: (513) 784-5610

CONVERGYS FUNDING INC.

By: /s/ Timothy M. Wesolowski
President

Address: Circleport II Business Park
1101 Pacific Avenue
Erlanger, KY 41018
Attention: Kevin C. O'Neil

Exhibit 10.2

Execution Version

RECEIVABLES PURCHASE AGREEMENT

DATED AS OF JUNE 30, 2009

AMONG

CONVERGYS FUNDING INC., AS SELLER,

CONVERGYS CORPORATION, AS SERVICER,

WACHOVIA BANK, NATIONAL ASSOCIATION

LIBERTY STREET FUNDING LLC

THE BANK OF NOVA SCOTIA

THE BANK OF NOVA SCOTIA, AS SCOTIABANK GROUP AGENT

AND

WACHOVIA BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT

RECEIVABLES PURCHASE AGREEMENT

THIS RECEIVABLES PURCHASE AGREEMENT dated as of June 30, 2009, is among:

(a) Convergys Funding Inc., a Kentucky corporation (***"Seller"***),

(b) Convergys Corporation, an Ohio corporation (***"Convergys"***), as initial Servicer,

(c) Liberty Street Funding LLC, a Delaware limited liability company (***"Liberty Street"*** or the ***"Conduit"***),

(d) The Bank of Nova Scotia, a Canadian chartered bank acting through its New York Agency (***"Scotiabank"***), and its assigns hereunder (collectively, the ***"Scotiabank Committed Purchasers"*** and, together with Liberty Street, the ***"Scotiabank Group"***),

(e) Wachovia Bank, National Association (***"Wachovia"***),

(f) The Bank of Nova Scotia, a Canadian chartered bank acting through its New York Agency, in its capacity as agent for the Scotiabank Group (the ***"Scotiabank Group Agent"***), and

(g) Wachovia Bank, National Association, in its capacity as administrative agent for the Scotiabank Group, Wachovia and the Scotiabank Group Agent (in such capacity, together with its successors and assigns, the ***"Administrative Agent"*** and, together with the Scotiabank Group Agent, the ***" Agents "***).

Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I and if not defined therein shall have the meanings assigned thereto in the applicable Receivables Sale Agreement.

PRELIMINARY STATEMENTS

Seller desires to transfer and assign Receivables Interests to the Purchasers from time to time.

Wachovia shall purchase its Percentage of each Receivables Interest from Seller from time to time.

The Conduit may, in its absolute and sole discretion, purchase its Percentage of each Receivables Interest from Seller from time to time, and in the event that the Conduit declines to make any such purchase, the Scotiabank Committed Purchasers shall make such purchase, ratably in accordance with their respective Ratable Share.

The Bank of Nova Scotia, a Canadian chartered bank acting through its New York Agency has been requested and is willing to act as Scotiabank Group Agent on behalf of the Scotiabank Group in accordance with the terms hereof.

Wachovia Bank, National Association has been requested and is willing to act as Administrative Agent on behalf of the Purchasers in accordance with the terms hereof.

ARTICLE I.

PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility .

(a) On the terms and subject to the conditions set forth in this Agreement, Seller may from time to time prior to the Facility Termination Date, sell Receivables Interests to the Purchasers by delivering (or causing Servicer to deliver, on Seller's behalf) a Purchase Notice to Wachovia and the Scotiabank Group Agent in accordance with Section 1.2. Upon receipt of a Purchase Notice,

(i) Wachovia agrees to purchase its Percentage of such Receivables Interest, on the terms and subject to the conditions hereof, ***provided*** that at no time may the aggregate Invested Amount of Wachovia at any one time outstanding exceed the lesser of (A) the amount of Wachovia's Commitment hereunder, and (B) Wachovia's Percentage of the difference between the Net Pool Balance and the Required Reserves (such lesser amount, the ***"Wachovia Allocation Limit"***); and

(ii) the Scotiabank Group Agent shall determine whether the Conduit will purchase its Percentage of such Receivables Interest, and in the event that the Conduit elects not to make any such purchase of its Percentage of such Receivables Interest, the Scotiabank Group Agent shall promptly notify Seller and the Scotiabank Committed Purchasers of such fact, whereupon each of the Scotiabank Committed Purchasers severally agrees to purchase its Ratable Share of such Percentage of such Receivables Interest, on the terms and subject to the conditions hereof, ***provided*** that at no time may the aggregate Invested Amount of the Scotiabank Group at any one time outstanding exceed the lesser of (A) the aggregate amount of Scotiabank Committed Purchasers' Commitments hereunder, and (B) the Scotiabank Group's Percentage of the difference between the Net Pool Balance and the Required Reserves (such lesser amount, the ***"Scotiabank Allocation Limit"***).

In no event shall the Aggregate Invested Amount outstanding hereunder exceed the lesser of (A) the Purchase Limit and (B) the difference between the Net Pool Balance and the Required Reserves. Each Committed Purchaser's Commitment to Seller under this Agreement shall terminate on the Facility Termination Date.

(b) Seller may, upon at least 10 Business Days' notice to the Agents and Wachovia, terminate in whole or reduce in part, the unused portion of the Purchase Limit, ***provided*** that each partial reduction of the unused Purchase Limit shall be in an aggregate amount equal to $2,000,000 or a larger integral multiple of $1,000,000; ***provided*** , ***further*** , that (i) any partial reduction of the unused Purchase Limit on or prior to October 20, 2009 shall reduce only the amount of Wachovia's Commitment hereunder, unless the amount of Wachovia's Commitment is thereby reduced to less than $60,000,000 and (ii) otherwise each such partial reduction shall reduce the unused portion of the Purchase Limit ratably between Wachovia and the Scotiabank Group in accordance with their respective Percentages (and within the Scotiabank Group, ratably among the Scotiabank Committed Purchasers that are members thereof in accordance with their respective Ratable Shares), the unused portion of the Purchase Limit; ***provided, further ,*** that no such partial reduction may reduce the Purchase Limit to an amount less than $75,000,000.

Section 1.2 Increases . Seller (or Servicer, on Seller's behalf) shall provide Wachovia and the Scotiabank Group Agent with notice of each Incremental Purchase by 12:00 noon (New York City time) one (1) Business Day prior to each such Incremental Purchase in a form set forth as Exhibit II hereto (a ***"Purchase Notice"***). Each Purchase Notice shall be subject to Section 6.2 hereof and shall be irrevocable and shall specify the requested Purchase Price (which shall be at least $2,000,000 or a larger integral multiple of $100,000) and date of purchase (which shall be a Business Day) and, in the case of an Incremental Purchase to be funded by Wachovia and the Scotiabank Committed Purchasers, the requested Discount Rate and, in the case of Scotiabank Committed Purchasers, the requested Tranche Period. Following receipt of a Purchase Notice, the Scotiabank Group Agent will determine whether the Conduit agrees to make its purchase. If the Conduit declines to make a proposed purchase, the Incremental Purchase of the Scotiabank Group's Percentage of such Receivables Interest will be made by the Scotiabank Committed Purchasers. In the event that any Purchase Notice is delivered later than 12:00 noon. (New York City time) one (1) Business Day prior to the date of such Incremental Purchase, the Purchasers shall make such Incremental Purchase on a best-efforts basis only. On the date of each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI, the Conduit or the Scotiabank Committed Purchasers, as applicable, and Wachovia shall initiate a wire transfer to the Facility Account, of immediately available funds, no later than 2:00 p.m. (New York City time), in an amount equal to (i) in the case of the Conduit, its Percentage of the Purchase Price of the Receivables Interest then being purchased, (ii) in the case of a Scotiabank Committed Purchaser, such Scotiabank Committed Purchaser's Ratable Share of the Scotiabank Group's Percentage of the Receivables Interest then being purchased and (iii) in the case of Wachovia, its Percentage of the Purchase Price of the Receivables Interest then being purchased.

Section 1.3 Decreases . Seller (or Servicer, on Seller's behalf) shall provide Wachovia and the Scotiabank Group Agent with prior written notice in conformity with the Required Notice Period (each, a ***"Reduction Notice"***) of any proposed reduction of Aggregate Invested Amount. Such Reduction Notice shall designate (i) the date upon which any such reduction of Aggregate Invested Amount shall occur (which date shall give effect to the applicable Required Notice Period), (ii) the amount of Aggregate Invested Amount to be reduced (the ***"Aggregate Reduction"***), (iii) each of Wachovia's and the Scotiabank Group's Percentage of such Aggregate Reduction, which shall be applied ratably to the Receivables Interests of each of Wachovia and,

in the case of the Scotiabank Group, the Conduit and the Scotiabank Committed Purchasers, in accordance with the amount of Invested Amount (if any) owing to Wachovia, and in the case of the Scotiabank Group, the amount of Invested Amount (if any) owing to the Conduit, on the one hand, and the amount of Invested Amount (if any) owing to the Scotiabank Committed Purchasers (ratably, based on their respective Ratable Shares), on the other hand. Only one (1) Reduction Notice shall be outstanding at any time.

Section 1.4 Payment Requirements . All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 1:00 p.m. (New York City time) on the day when due in immediately available funds, and if not received by such time shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to the Scotiabank Group Agent or to a member of the Scotiabank Group, they shall be paid to account no. 2158-13 at The Bank of Nova Scotia - New York Agency, ABA No. 026 – 002532, Account: Liberty Street Funding LLC, until otherwise notified by the Scotiabank Group Agent (the ***"Scotiabank Account"***). If such amounts are payable to the Administrative Agent or to Wachovia, they shall be paid to account no. 2070482789126 at Wachovia Bank, National Association, ABA No. 053000219, Reference: Convergys Funding Inc., until otherwise notified by Wachovia (the ***"Wachovia Account"***). All computations of Yield, per annum fees hereunder (including, in the case of the Conduit, per annum fees calculated as part of any CP Costs), and per annum fees under the Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day. After delivery of a Collection Notice, Collections transferred to the Administrative Agent from any Collection Bank shall be credited to the Aggregate Unpaids on the Business Day following the date of receipt, subject to Section 2.4 hereof.

Section 1.5 Extension of the Conduit's Liquidity Termination Date . Provided that no Amortization Event or Potential Amortization Event has occurred, the Seller (or Servicer, on Seller's behalf) may request an extension of the Liquidity Termination Date by submitting a request for an extension (each, an ***"Extension Request"***) to the Scotiabank Group Agent no more than 120 days and not less than 30 days prior to the then current Liquidity Termination Date. Upon receipt of such an Extension Request, the Scotiabank Group Agent shall notify the Scotiabank Group of the contents thereof and shall request each member of the Scotiabank Group to approve the Extension Request. Each member of the Scotiabank Group approving the Extension Request shall deliver its written approval to the Scotiabank Group Agent no later than thirty (30) days after the request (the ***"Response Date"***), whereupon the Scotiabank Group Agent shall notify the Administrative Agent, Wachovia and the Seller within one Business Day thereafter as to whether all members of the Scotiabank Group have approved the Extension Request. If all members of the Scotiabank Group have approved the Extension Request by the Response Date, the Conduit's Liquidity Termination Date shall be extended to the date which is 364 days from the earlier to occur of the Response Date or the Administrative Agent's receipt of notice from the Scotiabank Group Agent that the Scotiabank Group has unanimously approved the requested extension (such earlier date, the ***"Extension Date"***). If the members of the Scotiabank Group do not unanimously agree to an Extension Request, the Seller (or Servicer, on Seller's behalf) shall have the right to require the members of the Scotiabank Group to assign all, but not less than all, of their Commitments and all, but not less than all, of their outstanding

Aggregate Unpaids by entering into written assignment(s) with one or more Eligible Assignees (who shall, unless an Amortization Event or Potential Amortization Event shall exist and be continuing, be acceptable to Convergys, which consent shall not be unreasonably withheld or delayed) not later than the 10th Business Day after such Eligible Assignee(s) are identified. Each such assignment to an Eligible Assignee (including, if agreed by the members of the Scotiabank Group, to Wachovia) shall become effective on the Business Day following execution and delivery of the applicable written assignment; provided that the assigning Purchasers receive payment in full of their Aggregate Unpaids (it being understood that any breakage costs, expenses or other amounts which would be owing to such Purchaser pursuant to any indemnification provision hereof shall be payable by the Seller). If the members of the Scotiabank Group do not unanimously agree to an Extension Request and the assignment to an Eligible Assignee does not occur as provided herein, the Liquidity Termination Date shall remain unchanged.

ARTICLE II.

PAYMENTS AND COLLECTIONS

Section 2.1 Payments . Notwithstanding any limitation on recourse contained in this Agreement, Seller (or Servicer, on Seller's behalf) shall immediately remit to each of Wachovia, for the account of itself, and the Scotiabank Group Agent, for the account of the Purchasers in the Scotiabank Group, when due, on a full recourse basis, all of the following (collectively, the ***"Obligations"***):

(i) such fees as set forth in the Fee Letter (which fees shall be sufficient to pay all fees owing to the Agents and the Purchasers under the Fee Letter),

(ii) all amounts payable as Yield (including all Yield accruing at the Default Rate),

(iii) all CP Costs,

(iv) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce outstanding Aggregate Invested Amount hereunder in accordance with Sections 2.2 and 2.3 hereof),

(v) all amounts required pursuant to Section 2.6,

(vi) all amounts payable pursuant to Article X, if any,

(vii) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables, and

(viii) all Broken Funding Costs.

If Seller fails to pay any of the Obligations when due, Seller agrees to pay, on demand, the Default Rate in respect thereof until paid. Notwithstanding the foregoing, no provision of this

Agreement or the Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time Seller receives any Collections or is deemed to receive any Collections, Seller (or Servicer, on Seller's behalf) shall immediately pay such Collections or Deemed Collections to the Servicer for application in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and the Agents.

Section 2.2 Collections Prior to Amortization . Prior to the Amortization Date, any Collections and/or Deemed Collections received by the Servicer shall be set aside and held in trust by the Servicer for the payment of any accrued and unpaid Aggregate Unpaids or for a Reinvestment as provided in this Section 2.2. If on any Business Day prior to the Amortization Date, any Collections are received by the Servicer after payment of any Obligations that are then due and owing, Seller hereby requests and the Purchasers hereby agree to make, simultaneously with such receipt, a reinvestment (each, a ***"Reinvestment"***) with that portion of the balance of each and every Collection received by the Servicer that is part of any Receivables Interest, such that after giving effect to such Reinvestment, the amount of Invested Amount of such Receivables Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Invested Amount immediately prior to such receipt. On each Settlement Date prior to the occurrence of the Amortization Date, the Servicer shall remit to the Scotiabank Account and the Wachovia Account, as applicable, each of the Conduit's and Wachovia's respective Percentage of the amounts set aside during the preceding Settlement Period that have not been subject to a Reinvestment and apply such amounts (if not previously paid in accordance with Section 2.1) to reduce the Obligations. Once such Obligations shall be reduced to zero, any additional Collections received by the Servicer (i) if applicable, shall be remitted to the Scotiabank Account and the Wachovia Account, as applicable, no later than 12:00 noon (New York City time) to the extent required to fund the Conduit's and Wachovia's respective Percentages of any Aggregate Reduction on such Settlement Date and (ii) any balance remaining thereafter shall be remitted from the Servicer to Seller on such Settlement Date.

Section 2.3 Collections Following Amortization . On the Amortization Date and on each day thereafter, the Servicer shall set aside and hold in trust, for the holders of each Receivables Interest, any Collections and/or Deemed Collections received on such day and an additional amount of the Seller's funds for the payment of any accrued and unpaid Obligations owed by Seller and not previously paid by Seller in accordance with Section 2.1. On and after the Amortization Date, the Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) any Agent or Wachovia (i) remit to the Scotiabank Account and the Wachovia Account, as applicable, the Conduit's and Wachovia's respective Percentages of the amounts set aside pursuant to the preceding sentence, and (ii) apply such amounts to reduce the Scotiabank Group's and Wachovia's Invested Amount, as applicable, associated with each such Receivables Interest and any other Aggregate Unpaids.

Section 2.4 Application of Collections . If there shall be insufficient funds on deposit for the Servicer to distribute funds in payment in full of the aforementioned amounts pursuant to Section 2.2 or 2.3 (as applicable), the Servicer shall distribute funds:

first, to the payment of the Servicer's reasonably and properly documented out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee, if Convergys or one of its Affiliates is not then acting as the Servicer,

second, to the reimbursement of the Administrative Agent's costs of collection and enforcement of this Agreement,

third, ratably to the payment of all accrued and unpaid fees under the Fee Letter, CP Costs, Yield (including yield accruing at the Default Rate),

fourth, for the ratable payment of all other unpaid Obligations, provided that to the extent such Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when Convergys or one of its Affiliates is acting as the Servicer, such costs and expenses will not be paid until after the payment in full of all other Obligations,

fifth, unless the Amortization Date has occurred or a Reduction Notice has been delivered, to the making of a Reinvestment,

sixth, to the ratable reduction of the Aggregate Invested Amount, and

seventh, after the Aggregate Unpaids have been indefeasibly reduced to zero, to Seller.

Collections applied to the payment of Aggregate Unpaids shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth above in this Section 2.4, shall be shared ratably (within each priority) among the Agents and the Purchasers in accordance with the amount of such Aggregate Unpaids owing to each of them in respect of each such priority.

Section 2.5 Payment Rescission . No payment of any of the Aggregate Unpaids shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to Wachovia and the Scotiabank Agent (for application to the Person or Persons who suffered such rescission, return or refund), as applicable, the full amount thereof, ***plus*** interest thereon at the Default Rate from the date of any such rescission, return or refunding.

Section 2.6 Maximum Receivables Interests and Invested Amount . Seller shall ensure that the Receivables Interests of the Purchasers shall at no time exceed in the aggregate 100% (any such excess, a ***"Receivables Interest Excess"***) and (ii) the aggregate Invested Amount of Wachovia shall at no time exceed the Wachovia Allocation Limit and the aggregate Invested Amount of the Scotiabank Group shall at no time exceed the Scotiabank Allocation Limit (any such excess, an (***"Investment Excess"***). If there is a Receivables Interest Excess or an Investment Excess, Seller shall pay to each of Wachovia and the Scotiabank Group Agent (to be allocated to the members of the Scotiabank Group by the Scotiabank Group Agent) within one

(1) Business Day Wachovia's and the Conduit's respective Percentage of such Receivables Interest Excess or Investment Excess, as applicable.

Section 2.7 Clean Up Call . In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing written notice to Wachovia and the Scotiabank Group Agent in accordance with the Required Notice Period), at any time following the reduction of the Aggregate Invested Amount to a level that is less than 50% of the original Purchase Limit, to repurchase from the Purchasers all, but not less than all, of the then outstanding Receivables Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpaids through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser or any Agent except for a representation and warranty that the reconveyance to Seller is being made free and clear of any Adverse Claim created by any Agent or any Purchaser.

ARTICLE III.

CONDUIT FUNDING

Section 3.1 CP Costs . Seller shall pay CP Costs with respect to the Invested Amount associated with each Receivables Interest of the Conduit for each day that any Invested Amount in respect of such Receivables Interest is outstanding. Each Receivables Interest funded substantially with Pooled Commercial Paper will accrue CP Costs each day on a pro rata basis, based upon the percentage share the Invested Amount in respect of such Receivables Interest represents in relation to all assets held by the Conduit and funded substantially with related Pooled Commercial Paper.

Section 3.2 CP Costs Payments . On each Settlement Date, Seller shall pay to the Scotiabank Group Agent (for the benefit of the Conduit) an aggregate amount equal to all accrued and unpaid CP Costs in respect of the Invested Amount associated with all Receivables Interests of the Conduit for the immediately preceding Accrual Period in accordance with Article II.

Section 3.3 Calculation of CP Costs . Not later than the 3rd Business Day immediately preceding each Settlement Date, the Conduit shall calculate the aggregate amount of CP Costs allocated to the Invested Amount of its Receivables Interests for the applicable Accrual Period and shall notify Seller in writing of such aggregate amount.

ARTICLE IV.

COMMITTED PURCHASER FUNDING

Section 4.1 Committed Purchaser Funding . Each Receivables Interest shall accrue Yield (i) in the case of Wachovia, for each day at either LMIR or the Alternate Base Rate and (ii) in the case of the Scotiabank Committed Purchasers, for each during its Tranche Period at either the LIBO Rate or the Alternate Base Rate, in each case in accordance with the terms and

conditions hereof. Until Seller gives notice to Wachovia or the Scotiabank Group Agent (as applicable) of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any Receivables Interest of Wachovia or, in the case of the Scotiabank Committed Purchasers, any Receivables Interest transferred by the Conduit to the Scotiabank Committed Purchasers pursuant to the terms and conditions of its Liquidity Agreement shall be the Alternate Base Rate (unless the Default Rate is then applicable). Each Receivables Interest acquired by a Scotiabank Committed Purchaser by assignment from the Conduit shall be deemed to have a new Tranche Period commencing on the date of any such assignment.

Section 4.2 Yield Payments . On the Settlement Date for each Receivables Interest of a Committed Purchaser, Seller shall pay to, as applicable, Wachovia and the Scotiabank Group Agent (for the ratable benefit of the Scotiabank Committed Purchasers) an aggregate amount equal to the accrued and unpaid Yield for the Calculation Period then most recently ended of each such Receivables Interest in accordance with Article II.

Section 4.3 Selection and Continuation of Tranche Periods .

(a) Seller (or Servicer, on Seller's behalf) shall from time to time request Tranche Periods for the Receivables Interests of the Scotiabank Committed Purchaser, ***provided*** that if at any time the Scotiabank Committed Purchasers shall have a Receivables Interest, Seller shall always request Tranche Periods such that at least one Tranche Period shall end on the date specified in clause (A) of the definition of Settlement Date.

(b) Seller, Servicer (on Seller's behalf) or the applicable Purchaser, upon notice to and consent by the other received at least three (3) Business Days prior to the end of a Tranche Period (the ***"Terminating Tranche"***) for any Receivables Interest, may, effective on the last day of the Terminating Tranche: (i) divide any such Receivables Interest into multiple Purchaser Interests, (ii) combine any such Receivables Interest with one or more other Receivables Interests that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Receivables Interest with a new Receivables Interest to be purchased on the day such Terminating Tranche ends.

Section 4.4 Discount Rates . Seller may select LMIR, the LIBO Rate, or the Alternate Base Rate for each Receivables Interest of any Committed Purchaser. Seller shall by 12:00 noon (New York City time): (i) at least three (3) Business Days prior to prior to the date such Discount Rate change is to take effect, give Wachovia or the Scotiabank Group Agent, as applicable, irrevocable notice of the new Discount Rate for the Receivables Interest associated with such Discount Rate. Until Seller gives notice to Wachovia or the Scotiabank Group Agent, as applicable, of another Discount Rate, the initial Discount Rate for any Receivables Interest purchased by Wachovia, and, in the case of the Scotiabank Committed Purchasers, any Receivables Interest transferred to the Scotiabank Committed Purchasers pursuant to the terms and conditions of the Liquidity Agreement shall be the Alternate Base Rate. From and after the occurrence and during the continuation of an Amortization Event, the sole Yield shall be the Alternate Base Rate (in addition to any Default Rate).

Section 4.5 Suspension of the LIBO Rate or LMIR .

(a) If Wachovia determines, or, in the case of any Scotiabank Committed Purchase if any Scotiabank Committed Purchaser notifies the Scotiabank Group Agent that it has determined, that funding its Receivables Interests at, in the case of any Scotiabank Committed Purchaser, a LIBO Rate or, in the case of Wachovia, LMIR would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Receivables Interests at LIBO Rate or LMIR are not available or (ii) LIBO Rate or LMIR does not accurately reflect the cost of acquiring or maintaining a Receivables Interest at LIBO Rate or LMIR, then, as applicable, Wachovia or, in the case of such Committed Purchaser that is a Scotiabank Committed Purchaser, the Scotiabank Group Agent for the Scotiabank Group shall suspend the availability of LIBO Rate or LMIR, as the case may be, and require Seller to select the Alternate Base Rate for any of Wachovia's Receivables Interests or Receivables Interests of the Scotiabank Group, as applicable, accruing Yield at LIBO Rate or LMIR.

(b) If less than all of the Scotiabank Committed Purchasers in the Scotiabank Group give a notice to Scotiabank Group Agent pursuant to Section 4.5(a), each Scotiabank Committed Purchaser which gave such a notice shall be obliged, at the request of Seller, the Conduit or the Scotiabank Group Agent, to assign all of its rights and obligations hereunder to (i) another Scotiabank Committed Purchaser or (ii) another funding entity reasonably acceptable to the Conduit and Seller and willing to participate in this Agreement through the Liquidity Termination Date in the place of such notifying Scotiabank Committed Purchaser; *provided* that (i) the notifying Scotiabank Committed Purchaser receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such notifying Scotiabank Committed Purchaser's Ratable Share of the Invested Amount and Yield owing to all of the Scotiabank Committed Purchasers and all accrued but unpaid fees and other costs and expenses payable in respect of its Ratable Share of the Receivables Interests of such Scotiabank Committed Purchaser, and (ii) the replacement Scotiabank Committed Purchaser otherwise satisfies the requirements of Section 12.1(b).

Section 4.6 Default Rate . From and after the occurrence of an Amortization Event, all Receivables Interest funded by the Committed Purchasers shall accrue Yield at the Default Rate.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Seller . Seller hereby represents and warrants to the Agents and the Purchasers, as to itself or on its own behalf, as applicable, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Existence and Power . Such Seller Party is duly organized, validly existing and in good standing under the laws of its state of organization. Such Seller Party is duly qualified to do business and is in good standing as a foreign corporation or limited liability company, as applicable, and has and holds all corporate power and all governmental licenses,

authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery . The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, the performance of its obligations hereunder and thereunder and the use of the proceeds of purchases made hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate or limited liability company action on its part. This Agreement and each other Transaction Document to which Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict . The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) such Seller Party's certificate or articles of organization or by-laws or limited liability company agreement, as applicable, (ii) any law, rule or regulation applicable to such Seller Party, (iii) any restrictions under any agreement, contract or instrument to which such Seller Party is a party or by which such Seller Party or any of its property is bound (other than any breach of confidentiality of any Contract which results solely from disclosure of the existence of such Contract in an Invoice or Related Security relating to such Contract and which does not impair, restrict or any way affect the obligation of the applicable Obligor thereunder, including, without limitation, obligation to pay a specified sum of money thereunder), or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting such Seller Party or its property, and do not result in the creation or imposition of any Adverse Claim on its assets (except as created hereunder) except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization . Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits . (i) there are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect, and (ii) such Seller Party is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect . This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information . All information (other than projections) heretofore furnished by such Seller Party or by any Responsible Officer of an Originator to any of the Agents or Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any such Responsible Officer to any of the Agents or Purchasers will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading. Servicer represents and warrants that each Receivables Report completed and compiled by it accurately aggregates the information received by it from the Originators and correctly computes the ratios and concentrations set forth therein based upon such aggregates based on the form of Receivables Report substantially in the form of Exhibit IX hereto.

(h) Use of Proceeds . Such Seller Party will not use the proceeds of any purchase hereunder (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title . Immediately prior to each purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. Seller represents and warrants that there have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership or security interest in each Receivable, its Collections and the Related Security.

(j) Perfection . This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each purchase hereunder, transfer to the Administrative Agent for the benefit of the relevant Purchaser or Purchasers (and the Administrative Agent for the benefit of such Purchaser or Purchasers shall acquire from Seller) a valid and perfected first priority undivided percentage ownership or security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Administrative Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections.

(k) Places of Business and Locations of Records . The principal places of business and chief executive office of Seller and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which the Agents and Wachovia have been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 14.4(a) has been taken and completed. Seller's Federal Employer Identification Number and Organizational Identification Number are correctly set forth on Exhibit III.

(l) Collections . The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. Seller represents and warrants that the names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of Seller at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit IV. Seller represents and warrants that Seller has not granted any Person, other than the Administrative Agent as contemplated by this Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event. Notwithstanding the foregoing, Seller confirms that it has granted the Servicer a right of access to the Lock-Boxes and Collection Accounts to the extent permitted in the Collection Account Agreements.

(m) Material Adverse Effect . Since December 31, 2008, no event has occurred that would have a Material Adverse Effect.

(n) Names . In the past five (5) years, such Seller Party has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller . Convergys and the Originators, collectively, own, directly or indirectly, 100% of the issued and outstanding Equity Interest of all classes of Seller, free and clear of any Adverse Claim. There are no options, warrants or other rights to acquire securities of Seller or similar rights or agreements pursuant to which Seller may be required to issue, sell, repurchase or redeem any of its membership interests.

(p) Not an Investment Company . Seller is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law . Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation, except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy . Seller has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy.

(s) Payments to Applicable Originator . With respect to each Receivable transferred to Seller under the Receivables Sale Agreements, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by any Originator of any Receivable

under its Receivables Sale Agreement is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101 et seq.), as amended.

(t) Enforceability of Contracts . Each Contract with respect to each Eligible Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Eligible Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables . Each Receivable included in the Net Pool Balance as an Eligible Receivable was an Eligible Receivable on the date so included.

(v) Net Pool Balance . Seller has determined that, immediately after giving effect to each purchase hereunder, the Net Pool Balance is at least equal to the sum of (i) the Aggregate Invested Amount, plus (ii) the Required Reserves.

(w) Accounting . The manner in which Seller accounts for the transactions contemplated by this Agreement and the Receivables Sale Agreements does not jeopardize the true sale analysis.

(x) Financial Information . All balance sheets, all statements of income and of cash flow and all other financial information of Seller and each of Convergys and its Subsidiaries (other than projections) furnished to any of the Agents or Purchasers and described in Section 7.1 have been and will be prepared in accordance with GAAP consistently applied, and do or will present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended; provided that unaudited financial statements of Seller and each of Convergys and its Subsidiaries have been prepared without footnotes, without reliance on any physical inventory and are subject to year-end adjustments. Any projections furnished by Seller or by any Responsible Officer of an Originator to any of the Agents or Purchasers for purposes of or in connection with this Agreement shall be, at the time so furnished, based upon estimates and assumptions stated therein, all of which the Seller and the Originators believe to be reasonable and fair in light of conditions and facts known to the Seller and the Originators at such time and reflect the good faith, reasonable and fair estimates by the Seller and the Originators of the future performance of Seller and/or the Originators and the other information projected therein for the periods set forth therein. Projections listed on Schedule B have been prepared in good faith based upon assumptions believed by Convergys and its Subsidiaries to be reasonable at the time made, it being understood that such Projections are subject to contingencies beyond Convergys or its Subsidiaries' control and that actual results may vary materially from the Projections.

(y) OFAC . Neither Seller nor any Originator nor any Subsidiary of any Originator (i) is a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) engages in any dealings or transactions prohibited by Section 2

of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (iii) is a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

(z) Patriot Act . Each of Seller and the Originators and each Subsidiary of any Originator are in compliance, in all material respects, with the USA Patriot Act (Title 111 of Pub. L. 107-56 (signed into law October 26, 2001)) (the ***"Act"***). No part of the proceeds of the purchases hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(aa) ERISA . Each of Seller and each affiliate that is a member of the same Controlled Group as Seller is in compliance in all material respects with ERISA, and no lien exists in favor of the PBGC on any of the Receivables.

Section 5.2 Scotiabank Committed Purchasers Representations and Warranties . Each Scotiabank Committed Purchaser hereby represents and warrants to the Scotiabank Group Agent and the Conduit that:

(a) Existence and Power . Such Scotiabank Committed Purchaser is a corporation or a banking association duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all corporate power to perform its obligations hereunder.

(b) No Conflict . The execution and delivery by such Scotiabank Committed Purchaser of this Agreement and the performance of its obligations hereunder are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or association or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets. This Agreement has been duly authorized, executed and delivered by such Scotiabank Committed Purchaser.

(c) Governmental Authorization . No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Scotiabank Committed Purchaser of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect . This Agreement constitutes the legal, valid and binding obligation of such Scotiabank Committed Purchaser enforceable against such Scotiabank Committed Purchaser in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting

creditors' rights generally and by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law).

ARTICLE VI.

CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Incremental Purchase . The initial Incremental Purchase of a Receivables Interest under this Agreement is subject to the conditions precedent that (a) the Administrative Agent shall have received on or before the date of such purchase those documents listed on Schedule B, and (b) each Agent and each of the Purchasers shall have received all fees and expenses required to be paid on such date pursuant to the terms of this Agreement, the applicable Fee Letter or otherwise.

Section 6.2 Conditions Precedent to All Purchases and Reinvestments . Each purchase of a Receivables Interest and each Reinvestment shall be subject to the further conditions precedent that (a) in the case of each such purchase or Reinvestment: (i) the Servicer shall have delivered to Wachovia and the Scotiabank Group Agent on or prior to the date of such purchase, in form and substance satisfactory to each of Wachovia and the Scotiabank Group Agent, all Receivables Reports as and when due under Section 8.5 and (ii) upon either Wachovia's or the Scotiabank Group Agent's reasonable request, the Servicer shall have delivered to Wachovia and the Scotiabank Group Agent at least one (1) Business Day prior to such purchase or Reinvestment an interim Receivables Report showing the amount of Eligible Receivables; (b) the Facility Termination Date shall not have occurred; (c) the Agents and the Purchasers shall have received such other approvals, opinions or documents as it may reasonably request and (d) on the date of each such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that would constitute a Potential Amortization Event;

(iii) the Aggregate Invested Amount does not exceed the Purchase Limit and the aggregate Receivables Interests do not exceed 100%; and

(iv) the conditions to each purchase set forth in Section 1.1(a) hereof shall have been satisfied.

It is expressly understood that each Reinvestment shall, unless otherwise directed by any Agent or any Purchaser, occur automatically on each day that the Servicer shall receive any Collections

without the requirement that any further action be taken on the part of any Person and notwithstanding the failure of Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of Wachovia and the Scotiabank Group Agent, which right may be exercised at any time on demand of Wachovia or the Scotiabank Group Agent, to rescind the related purchase and direct Seller to pay to Wachovia and to the Scotiabank Group Agent (for the benefit of the Purchasers in the Scotiabank Group), their respective Percentages of the Collections prior to the Amortization Date that shall have been applied to the affected Reinvestment.

ARTICLE VII.

COVENANTS

Section 7.1 Affirmative Covenants of the Seller Parties . Until the date on which the Aggregate Unpaids have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party covenants for itself or on its own behalf, as applicable:

(a) Financial Reporting . Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to the Agents and Wachovia:

(i) Annual Reporting . Within 90 days after the end of each fiscal year of Convergys, (A) the audited annual consolidated financial statements of Convergys and its Subsidiaries required to be delivered under Section 4.1(a)(i) of the Receivables Sale Agreements, together with (B) unaudited annual financial statements of Seller other than cash flow statements (it being agreed that the furnishing of the Convergy's annual report on Form 10-K for such year containing such financial statements, as filed with the SEC and posted on the SEC's website at www.sec.gov , will satisfy the obligation to deliver such annual financials under this Section 7.1(a)(i)(A)).

(ii) Quarterly Reporting . Within 45 days after the end of each fiscal quarter of Convergys, (A) the quarterly financial statements of Convergys and its Subsidiaries required to be delivered under Section 4.1(a)(ii) of the Receivables Sale Agreements, together with (B) unaudited quarterly financial statements of Seller other than cash flow statements (it being agreed that the furnishing of the Convergy's quarterly report on Form 10-Q for such quarter containing such financial statements, as filed with the SEC and posted on the SEC's website at www.sec.gov , will satisfy the obligation to deliver such quarterly financials under this Section 7.1(a)(ii)(A)).

(iii) Compliance Certificate . Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by the applicable Seller Party's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports . Promptly upon the furnishing thereof to the shareholders of Convergys, copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings . Promptly upon the filing thereof, copies of all registration statements (other than any registration statements on Form S-8 or its equivalent) and any reports which Convergys files with the Securities and Exchange Commission.

(vi) Copies of Notices . Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Originator, the Performance Guarantor or any Collection Bank, copies of the same.

(vii) Other Information . Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the financial condition, operations, prospects or business of such Seller Party as any of the Agents or any Purchaser may from time to time reasonably request in order to protect the interests of the Agents and the Purchasers under or as contemplated by this Agreement.

(b) Notices . Such Seller Party will notify the Agents and Wachovia in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events . The occurrence of each Amortization Event and each Potential Amortization Event hereunder, the occurrence of a “Termination Event” or “Potential Termination Event” (as defined in the CCM Receivables Sale Agreement), and the occurrence of a “Termination Event” or “Potential Termination Event” (as defined in the Convergys Receivables Sale Agreement) by a statement of an Authorized Officer of such Seller Party.

(ii) Judgment and Proceedings . (A) (1) The entry of any judgment or decree against the Servicer or any of its respective Subsidiaries if the aggregate amount of all judgments and decrees outstanding against the Servicer and its Subsidiaries exceeds $15,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Servicer which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller.

(iii) Material Adverse Effect . The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Defaults Under Other Agreements . The occurrence of a default or an event of default under any other financing arrangement relating to a line of credit or Indebtedness in excess of $10 million in aggregate principal amount pursuant to which any Originator is a debtor or an obligor.

(v) Termination Date . The occurrence of the ***"Termination Date"*** under and as defined in the CCM Receivables Sale Agreement or the occurrence of the ***"Termination Date"*** under and as defined in the Convergys Receivables Sale Agreement.

(c) Compliance with Laws and Preservation of Corporate Existence . Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Seller Party will preserve and maintain its corporate or limited liability company existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign corporation or limited liability company in each jurisdiction where its business is conducted, except where the failure to so preserve and maintain or qualify could not reasonably be expected to have a Material Adverse Effect.

(d) Audits . Such Seller Party will furnish to the Agents and Wachovia from time to time such information with respect to it and the Receivables as any of the Agents or Wachovia may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by any the Agents or Wachovia upon reasonable notice and at the sole cost of such Seller Party, permit each of the Agents and Wachovia, or their respective agents or representatives (and shall cause each Originator to permit each of the Agents and Wachovia or their respective agents or representatives): (i) to examine and make copies of and abstracts from all Records (other than the Excluded Contracts) in the possession or under the control of such Person relating to the Receivables and the Related Security (other than the Excluded Contracts), including, without limitation, the related Contracts (other than Excluded Contracts) and the related Invoices, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or the Servicer having knowledge of such matters (each of the foregoing examinations and visits, a ***"Review"***); ***provided, however,*** that, except in connection with an Extension Request, so long as no Amortization Event or Potential Amortization Event has occurred, the Seller Parties shall only be responsible for the costs and expenses of two (2) Reviews in any one calendar year.

(e) Keeping and Marking of Records and Books.

(i) The Servicer will (and will cause each Originator to) maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Servicer will (and will cause each Originator to) give each of the Agents and Wachovia notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Servicer will (and will cause each Originator to) (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Receivables Interests with a legend, acceptable to each of the Agents and Wachovia, describing the Receivables Interests and (B) upon the request of any of the Agents or Wachovia following the occurrence of an Amortization Event, deliver to the Administrative Agent all Invoices (including, without limitation, all multiple originals of any Invoice) relating to the Receivables.

(f) Compliance with Contracts and Credit and Collection Policy . Such Seller Party will (and will cause each Originator to) timely and fully (i) perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all material respects with the Credit and Collection Policy in regard to each Receivable and the related Contract.

(g) Performance and Enforcement of Receivables Sale Agreements and Performance Undertaking . Seller will, and will require each of the Originators to, perform each of their respective obligations and undertakings under and pursuant to their respective Receivables Sale Agreements, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreements. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Agents and the Purchasers as assignees of Seller) under the Receivables Sale Agreements as any Agent or Wachovia may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in any of the Receivables Sale Agreements. In addition, Seller will vigorously enforce the rights and remedies accorded to Seller under the Performance Undertaking.

(h) Ownership . Seller will (or will cause each Originator to) take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreements irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of the Administrative Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Seller therein as any Agent or Wachovia may reasonably request), and (ii) establish and maintain, in favor of the Administrative Agent, for the benefit of the Purchasers, a valid and perfected first priority undivided percentage ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of the Administrative Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Administrative Agent's (for the benefit of the Purchasers) interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of the

Administrative Agent for the benefit of the Purchasers as any Agent or Wachovia may reasonably request).

(i) Separateness; Purchasers' Reliance . Seller acknowledges that the Agents and the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from each of the Originators, the Performance Guarantor and their respective other Affiliates (collectively, the ***"Convergys Group"***). Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without limitation, all steps that any Agent or Wachovia may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of the members of the Convergys Group thereof and not just a division thereof. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any member of the Convergys Group (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) refrain from participating, directly or indirectly, in the management of any member of the Convergys Group;

(C) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of a member of the Convergys Group, allocate the compensation of such employee, consultant or agent between Seller and the members of the Convergys Group on a basis that reflects the services rendered to Seller and the Convergys Group;

(D) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of a member of the Convergys Group, Seller shall lease such office at a fair market rent;

(E) have separate stationery and invoices in its own name;

(F) conduct all transactions with the members of the Convergys Group strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and the Convergys Group on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(G) at all times have a Board of Directors consisting of not less than three members, at least one member of which is an Independent Director;

(H) observe all corporate formalities as a distinct entity, and ensure that all corporate actions relating to (A) the selection, maintenance or replacement of the Independent Director, (B) the dissolution or liquidation of Seller or (C) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Directors (including the Independent Director);

(I) maintain Seller's books and records separate from those of the members of the Convergys Group and otherwise readily identifiable as its own assets rather than assets of a member of the Convergys Group;

(J) prepare its financial statements separately from those of the Convergys Group and insure that any consolidated financial statements of the Convergys Group (or any member thereof) that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate legal entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(K) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of the members of the Convergys Group and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which Seller alone (or Servicer, on Seller's behalf) makes deposits and from which Seller alone (or Servicer, on Seller's behalf, or the Administrative Agent hereunder) has the power to make withdrawals;

(L) at all times be adequately capitalized in light of its contemplated business;

(M) hold itself out to the public under its own name as a legal entity separate and distinct from the members of the Convergys Group, and refrain from holding itself out as having agreed to pay, or as being liable, primarily or secondarily, for, any obligations of the members of the Convergys Group;

(N) refrain from becoming liable as a guarantor or otherwise with respect to any Indebtedness or contractual obligation of any member of the Convergys Group;

(O) refrain from making loans, advances or otherwise extending credit to any of the members of the Convergys Group;

(P) refrain from making any payment or distribution of assets with respect to any obligation of any member of the Convergys Group or granting an Adverse Claim on any of its assets to secure any obligation of any member of the Convergys Group;

(Q) hold regular duly noticed meetings of its Board of Directors and make and retain minutes of such meetings;

(R) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by a member of the Convergys Group or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1 (i));

(S) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreements; and does not create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the CCM Receivables Sale Agreement and in the Convergys Receivables Sale Agreement, to make payment to the applicable Originator thereunder for the purchase of Receivables from such Originator under the applicable Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(T) maintain its Organic Documents in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Organic Documents in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, this Section 7.1(i);

(U) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreements and the Performance Undertaking, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify any of the Receivables Sale Agreements or the Performance Undertaking, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under any of the Receivables Sale Agreement or the Performance Undertaking or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Agents and Wachovia;

(V) maintain its legal separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(W) maintain at all times the Required Capital Amount (as defined in the CCM Receivables Sale Agreement) and the Required Capital Amount (as defined in the Convergys Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Required Capital Amount to cease to be so maintained; and

(X) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Frost Brown Todd LLC, as counsel for Seller, in connection with the closing or initial Incremental Purchase under this Agreement and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections . Such Seller Party will cause (1) at all times after the earlier date to occur of (A) July 31, 2009 and (B) the date of the initial purchase of a Receivables Interest hereunder, all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect. At all times after the earlier date to occur of (A) July 31, 2009 and (B) the date of the initial purchase of a Receivables Interest hereunder, in the event any payments relating to Receivables are remitted directly to Seller or any Affiliate of Seller, Seller will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within one (1) Business Days following receipt thereof, and, at all times prior to such remittance, Seller will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of the Agents and the Purchasers. At all times after the earlier date to occur of (A) July 31, 2009 and (B) the date of the initial purchase of a Receivables Interest hereunder, Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account and shall not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to the Administrative Agent as contemplated by this Agreement and except that Seller may authorize the Servicer to make deposits to and withdrawals from the Collection Accounts prior to delivery of the Collection Notices.

(k) Taxes . Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall

have been set aside on its books. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of any of the Agents or Purchasers.

(l) Insurance . Seller will maintain in effect, or cause to be maintained in effect, at Seller's own expense, such casualty and liability insurance as Seller shall deem appropriate in its good faith business judgment.

(m) Payment to Originators . With respect to any Receivable purchased by Seller from an Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreements, including, without limitation, the terms relating to the amount and timing of payments to be made to such Originator in respect of the purchase price for such Receivable.

Section 7.2 Negative Covenants of the Seller Parties . Until the date on which the Aggregate Unpaids have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party covenants for itself or on its own behalf, as applicable:

(a) Name Change, Offices and Records . Such Seller Party will not change its name, identity or legal structure (within the meaning of Section 9-507(c) of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it shall have: (i) given the Agents and Wachovia at least forty-five (45) days' prior written notice thereof and (ii) delivered to the Administrative Agent all financing statements, instruments and other documents reasonably requested by any of the Agents or Wachovia in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors . Except as may be required by the Administrative Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless the Agents and Wachovia shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; ***provided, however,*** that the Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection Policy . Such Seller Party will not, and will not permit any Originator to, make any change to the Credit and Collection Policy that could adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 8.2(d) , no Seller Party will, or will permit any Originator to, extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto in any material respect other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens . Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of the Administrative Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of the Agents and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or any Originator.

(e) Net Pool Balance . At no time prior to the Amortization Date shall such Seller Party permit the Net Pool Balance to be less than an amount equal to the sum of (i) the Aggregate Invested Amount plus (ii) the Required Reserves.

(f) Termination Date Determination . Seller will not designate the Termination Date (as defined in the CCM Receivables Sale Agreement) or the Termination Date (as defined in the Convergys Receivables Sale Agreement), or send any written notice to any Originator in respect thereof, without the prior written consent of the Agents and Wachovia, except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(e) of the CCM Receivables Sale Agreement or such Termination Date arising pursuant to Section 5.1(e) of the Convergys Receivables Sale Agreement.

(g) Restricted Junior Payments . From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

(h) Seller Indebtedness . Seller will not incur or permit to exist any Indebtedness or liability on account of deposits except: (i) the Obligations, (ii) the Subordinated Loans (as defined in the CCM Receivables Sale Agreement), (iii) Subordinated Loans (as defined in the Convergys Receivables Sale Agreement), and (iv) other current accounts payable arising in the ordinary course of business and not overdue.

(i) Prohibition on Additional Negative Pledges . Seller will not (and will not authorize any Originator to) enter into or assume any agreement (other than this Agreement and the other Transaction Documents) prohibiting the creation or assumption of any Adverse Claim upon the Receivables, Collections or Related Security except as contemplated by the Transaction Documents, or otherwise prohibiting or restricting any transaction contemplated hereby or by the other Transaction Documents. Seller will not (and will not authorize any Originator to) enter into or assume any agreement creating any Adverse Claim upon the Subordinated Notes (as defined in the CCM Receivables Sale Agreement) or upon the Subordinated Notes (as defined in the Convergys Receivables Sale Agreement).

ARTICLE VIII.

ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer .

(a) The servicing, administration and collection of the Receivables shall be conducted by such Person (the ***"Servicer"***) so designated from time to time in accordance with this Section 8.1. Convergys is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. At any time after the occurrence of an Amortization Event, the Agents and the Purchasers may at any time designate as Servicer any Person to succeed Convergys or any successor Servicer.

(b) Convergys may delegate, and Convergys hereby advises the Purchasers and the Agents that it has delegated, to the Originators, as sub-servicers of the Servicer, certain of its duties and responsibilities as Servicer hereunder in respect of the Receivables originated by such Originators. Without the prior written consent of Wachovia and the Scotiabank Group Agent, the Servicer shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) Seller, (ii) the Originators, and (iii) with respect to certain Charged-Off Receivables, outside collection agencies in accordance with its customary practices. Seller shall not be permitted to further delegate to any other Person any of the duties or responsibilities of Servicer delegated to it by Convergys. If at any time following the occurrence of an Amortization Event, Wachovia and the Scotiabank Group Agent shall designate as Servicer any Person other than Convergys, all duties and responsibilities theretofore delegated by Convergys to Seller or any Originator may, at the discretion of any of the Agents, be terminated forthwith on notice given by any Agent or Wachovia to the other Agent or Wachovia, as applicable, Convergys and to Seller.

(c) Notwithstanding the foregoing subsection (b), (i) Servicer shall be and remain primarily liable to the Agents and the Purchasers for the full and prompt performance of all duties and responsibilities of the Servicer hereunder and (ii) the Agents and the Purchasers shall be entitled to deal exclusively with Servicer in matters relating to the discharge by the Servicer of its duties and responsibilities hereunder. The Agents and the Purchasers shall not be required to give notice, demand or other communication to any Person other than Servicer in order for communication to the Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. Servicer, at all times that it is the Servicer, shall be responsible for providing any sub-servicer or other delegate of the Servicer with any notice given to the Servicer under this Agreement.

Section 8.2 Duties of Servicer .

(a) The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) At all times after the earlier date to occur of (A) July 31, 2009 and (B) the date of the initial purchase of a Receivables Interest hereunder, the Servicer will instruct all Obligors to pay all Collections directly to a Lock-Box or Collection Account. The Servicer shall effect a Collection Account Agreement substantially in the form of Exhibit VI with each bank party to a Collection Account at any time. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of the Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, the Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date the Administrative Agent delivers to any Collection Bank a Collection Notice pursuant to Section 8.3, the Administrative Agent may request that the Servicer, and the Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new depositary account specified by the Administrative Agent and, at all times thereafter, Seller and the Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new depositary account any cash or payment item other than Collections.

(c) The Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of Seller and the Purchasers their respective shares of the Collections (or such funds or other assets arising therefrom) in accordance with Article II. The Servicer shall, upon the request of any Agent or Wachovia, segregate, in a manner acceptable to the Agents and Wachovia, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of the Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Administrative Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by the Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) The Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Collections thereof; ***provided, however,*** that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable or Defaulted Receivable or limit the rights of the Agents or the Purchasers under this Agreement. Notwithstanding anything to the contrary contained herein, the Administrative Agent shall have the absolute and unlimited right to direct the Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security.

(e) The Servicer shall hold in trust for Seller and the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts (other than Excluded Contracts), the related Invoices and Related Security (other than Excluded Contracts) or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of any Agent, deliver or make available to the Administrative Agent all such Records (other than Excluded Contracts), at a place selected by the Administrative Agent. The Servicer shall, as soon as practicable following receipt thereof turn over to Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. The Servicer

shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(f) Any payment by an Obligor in respect of any indebtedness owed by it to an Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Administrative Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices . The Administrative Agent is authorized at any time to date and to deliver to the Collection Banks the Collection Notices if deemed necessary or advisable in the reasonable judgment of the Administrative Agent. Seller hereby transfers to the Administrative Agent for the benefit of the Purchasers, effective when the Administrative Agent delivers such notice, the exclusive ownership and control of each Lock-Box and the Collection Accounts (it being understood that such transfer shall not alter where Obligors direct payments or the manner in which Servicer accounts for the receipt of such payments). In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes the Administrative Agent, and agrees that the Administrative Agent shall be entitled after the occurrence of an Amortization Event to (i) endorse Seller's name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Administrative Agent rather than Seller.

Section 8.4 Responsibilities of Seller . Anything herein to the contrary notwithstanding, the exercise by the Agents and the Purchasers of their rights hereunder shall not release the Servicer, any Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports . The Servicer shall compile and complete the following reports based on information received by it from the Originators under the Receivables Sale Agreements and forward to the Agents and Wachovia (i) on the 20 th day of each month or if such date is not a Business Day, the next Business Day (the " ***Monthly Reporting Date*** "), and at such times as any Agent or Wachovia shall request (an ***"Interim Reporting Date"***), a Receivables Report and (ii) at such times as any Agent or Wachovia shall reasonably request, a listing by Obligor of all Receivables together with an aging of such Receivables.

Section 8.6 Servicing Fees . In consideration of Convergys's agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as Convergys shall continue to perform as Servicer hereunder, Seller shall pay over to Convergys a fee (the ***"Servicing Fee"***) on the first calendar day of each month, in arrears for the immediately preceding month, equal to

1% per annum of the average aggregate Outstanding Balance of all Receivables during such period, as compensation for its servicing activities.

ARTICLE IX.

AMORTIZATION EVENTS

Section 9.1 Amortization Events . The occurrence of any one or more of the following events shall constitute an "Amortization Event":

(a) Any Seller Party shall fail to make any payment or deposit required under this Agreement or any other Transaction Document to which it is a party on or within one (1) Business Day after the date on which the same is required to be made.

(b) Any Seller Party shall fail to perform or observe any covenant contained in any provision of Section 7.2 or Section 8.5 .

(c) Any Seller Party shall fail to perform or observe any other covenant, agreement or other obligation hereunder (other than as referred to in another paragraph of this Section 9.1) or any other Transaction Document to which it is a party and such failure shall continue for ten (10) consecutive Business Days following the earlier to occur of (i) notice from any Agent or Wachovia of such non-performance or non-observance, or (ii) the date on which a Responsible Officer of such Seller Party otherwise becomes aware of such non-performance or non-observance.

(d) Any representation, warranty, certification or statement made by any Seller Party in this Agreement, any other Transaction Document or in any other document required to be delivered pursuant hereto or thereto shall prove to have been incorrect or misleading when made or deemed made in any material respect; ***provided that*** the materiality threshold in this subsection shall not be applicable with respect to any representation or warranty which itself contains a materiality threshold.

(e) (i) Seller shall default in the payment when due of any principal of or interest on any Indebtedness or shall fail to observe or perform any other agreement or condition relating to any such Indebtedness and such default has not been waived by the applicable lenders before the expiration of any applicable grace periods, or any other event or condition shall occur which results in an a default under any such Indebtedness; or (ii) any Originator shall default, or the Performance Guarantor or any of its Subsidiaries (other than an Originator or Seller) shall default, in the payment when due of any principal or of or interest on any Material Indebtedness or shall fail to observe or perform any other agreement or condition relating to any such Material Indebtedness and such default has not been waived by the applicable lenders before the expiration of any applicable grace periods; or any other event or condition shall occur which results in a default under any such Material Indebtedness.

(f) (i) Any Seller Party, any Originator or any of their Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding

shall be instituted by or against any Seller Party, any Originator or any of their Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors and in the case of any such proceeding instituted against (but not instituted by) it, either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief, or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property) shall occur or (iii) any Seller Party, any Originator or any of their Subsidiaries shall take any corporate action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (f).

(g) Seller shall fail to comply with the terms of Section 2.6 hereof.

(h) (A) As at the end of any calendar month:

(i) the average of the Dilution Ratios for the three months then most recently ended shall exceed 1.50%; or

(ii) the average of the Delinquency Ratios for the three months then most recently ended shall exceed 3.00%; or

(B) (i) As at July 31, 2009, August 31, 2009 or September 30, 2009, the average of the Default Ratios for the three months then most recently ended shall exceed 4.00%; or

(ii) as at the end of any calendar month thereafter, the average of the Default Ratios for the three months then most recently ended shall exceed 2.25%.

(i) A Change of Control or a Credit Agreement Change of Control shall occur.

(j) (i) One or more final judgments for the payment of money shall be entered against Seller in an amount of $13,475 or (ii) one or more final judgments for the payment of money in an amount in excess of $15,000,000, individually or in the aggregate, shall be entered against the Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

(k) Either (i) (A) the ***"Termination Date"*** under and as defined in the CCM Receivables Sale Agreement shall occur with respect to Convergys Customer Management Group Inc. or (B) the ***"Termination Date"*** under and as defined in the Convergys Receivables Sale Agreement shall occur with respect to Convergys Corporation or (ii) any Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under any of the Receivables Sale Agreements.

(l) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such

effectiveness, validity, binding nature or enforceability, or the Administrative Agent for the benefit of the Purchasers shall cease to have a valid and perfected first priority security interest in the Receivables, the Related Security and the Collections with respect thereto and the Collection Accounts.

(m) The Performance Guarantor shall fail to pay, upon demand, any amount required to be paid by it under the Performance Undertaking, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Convergys, or Convergys shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability or its liability for any amounts due thereunder.

(n) Any event shall occur which has, or could be reasonably expected to have a Material Adverse Effect of the types described in clauses (iii) through (v) of the definition of ***"Material Adverse Effect"*** ; ***provided that*** such event shall not include any event that, but for a change in a numeric variable (whether of time, percentage, amount or otherwise) with respect to such event, would result in an Amortization Event under another paragraph of this Section 9.1 .

(o) The Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Tax Code in an amount in excess of $100,000 with regard to any of the Receivables or Related Security and such lien shall not have been released within seven (7) days.

(p) (i) The PBGC shall file notice of a lien pursuant to Section 4068 of ERISA in an amount in excess of $100,000 with regard to any of the Receivables or Related Security and such lien shall not have been released within seven (7) days.

(q) Convergys shall permit the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense, in each case for any period of four consecutive quarters, to be less than 4.0 to 1.0.

(r) Convergys shall permit at any time the ratio of (a) Consolidated Total Debt at such time to (b) Consolidated EBITDA for the most recently ended period of four consecutive fiscal quarters to be greater than 3.25 to 1.0.

Section 9.2 Remedies . Upon the occurrence and during the continuation of an Amortization Event, the Administrative Agent may, and upon the direction of either Wachovia or the Scotiabank Group Agent, shall, take any of the following actions: (i) replace the Person then acting as Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(f)(ii), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code, the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Rate shall accrue with respect to any of the Aggregate Unpaids outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks, and (v) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all

other rights and remedies of the Agents and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE X.

INDEMNIFICATION

Section 10.1 Indemnities by the Seller . Without limiting any other rights that any Agent or any Purchaser may have hereunder or under applicable law, Seller hereby agrees to indemnify (and pay upon demand to) each of the Agents, the Purchasers and their respective assigns, officers, directors, agents and employees (each an ***"Indemnified Party"***) from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of such Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as ***"Indemnified Amounts"***) awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by a Purchaser of an interest in the Receivables ***excluding, however,*** in all of the foregoing instances:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of Receivables Interests as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections;

provided, however, that nothing contained in this sentence shall limit the liability of Seller or limit the recourse of the Purchasers to Seller for amounts otherwise specifically provided to be paid by Seller under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify the Indemnified Parties for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller) relating to or resulting from:

(i) any representation or warranty made by any Seller Party or any Originator (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report

required to be delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by any Seller Party or any Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of any Seller Party or any Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, environmental liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of an Incremental Purchase or a Reinvestment, the ownership of the Receivables Interests or any other investigation, litigation or proceeding relating to any Seller Party or any Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(f);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of any Receivable and the Related Security and Collections with respect thereto from any Originator, free and clear of any Adverse Claim

(other than as created hereunder); or any failure of Seller to give reasonably equivalent value to the applicable Originator under the applicable Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in the Administrative Agent for the benefit of the Purchasers, or to transfer to the Administrative Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, a first priority perfected undivided percentage ownership interest (to the extent of the Receivables Interests contemplated hereunder) or security interest in the Receivables, the Related Security and the Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Incremental Purchase or Reinvestment or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of the Agents or the Purchasers with respect to any Receivable or the value of any such Receivable;

(xiv) any attempt by any Person to void any Incremental Purchase or Reinvestment hereunder under statutory provisions or common law or equitable action;

(xv) any breach of any confidentiality provision in any Contract resulting from execution and delivery of this Agreement or any other Transaction Document, any of the transactions consummated pursuant to this Agreement or any other Transaction Document, delivery of any information or report pursuant hereto or thereto, or any performance of obligations hereunder or thereunder; and

(xvi) the failure of any Receivable included in the calculation of the Net Pool Balance as an Eligible Receivable to be an Eligible Receivable at the time so included.

Section 10.2 Indemnities by the Servicer . Without limiting any other rights that any Agent or any Purchaser may have hereunder or under applicable law, Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of such Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as ***"Servicer Indemnified Amounts"***) awarded against or incurred by any of them arising out of or as a result

of Servicer's failure to duly and punctually perform its obligations under this Agreement ***excluding, however,*** in all of the foregoing instances:

(a) Servicer Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Servicer Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification; and

(b) Servicer Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor;

provided, however, that nothing contained in this sentence shall limit the liability of Servicer or limit the recourse of the Purchasers to Servicer for Collections received by the Servicer and required to be remitted by it under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Servicer shall indemnify the Indemnified Parties for Servicer Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to the Servicer) relating to or resulting from:

(i) any representation or warranty made by Servicer (or any officers of Servicer) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Servicer to comply with any applicable law, rule or regulation with respect to the collection of any Receivable or Related Security;

(iii) any failure of Servicer to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) the commingling by the Servicer of Collections of Receivables or funds or other assets arising therefrom at any time with other funds;

(v) any investigation, litigation or proceeding relating to Servicer in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(vi) any Amortization Event of the described in Section 9.1(f) with respect to Servicer;

(vii) any breach of any confidentiality provision in any Contract resulting from execution and delivery of this Agreement or any other Transaction Document, any of the transactions consummated pursuant to this Agreement or any other Transaction Document, delivery of any information or report pursuant hereto or thereto, or any performance of obligations hereunder or thereunder; and

(viii) any action or omission by Servicer relating to its obligations hereunder which reduces or impairs the rights of the Agents or the Purchasers with respect to any Receivable or the value of any such Receivable.

Section 10.3 Increased Cost and Reduced Return . If after the date hereof, Wachovia or any Funding Source shall be charged any fee, expense or increased cost on account of the adoption of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy), any accounting principles or any change in any of the foregoing, or any change in the interpretation or administration thereof by the Financial Accounting Standards Board (***"FASB"***), any governmental authority, any central bank or any comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority or agency: (i) that subjects Wachovia to any charge or withholding on or with respect to this Agreement or Wachovia's obligations hereunder or any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source's obligations under a Funding Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to Wachovia of any amounts payable hereunder or any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net income of Wachovia or a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of Wachovia or a Funding Source, or credit extended by Wachovia pursuant to this Agreement or a Funding Source pursuant to Funding Agreement or (iii) that imposes any other condition the result of which is to increase the cost to Wachovia of performing its obligations hereunder or to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on Wachovia's capital as a consequence of its obligations hereunder or a Funding Source's capital as a consequence of its obligations under a Funding Agreement, or to reduce the amount of any sum received or receivable by Wachovia under this Agreement or a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by Wachovia or the Scotiabank Group Agent, as applicable, Seller shall pay to Wachovia or the Scotiabank Group Agent, for the benefit of the relevant Funding Source, such amounts charged to Wachovia or such Funding Source or such amounts to otherwise compensate Wachovia or such Funding Source for such increased cost or such reduction. Notwithstanding the foregoing, no Funding Source that is not organized under the laws of the United States of America, or a state thereof, shall be entitled to reimbursement or compensation hereunder unless and until it has delivered to the Seller two (2) duly completed and signed originals of United States Internal Revenue Service Form W-8BEN or W-8ECI, as applicable, certifying in either case that such Funding Source is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes.

Section 10.4 Other Costs and Expenses . Subject to the limitations set forth in the Fee Letter, Seller shall pay to the Agents, Wachovia and the Conduit on demand all costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of Wachovia and the Conduit's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses

of legal counsel for the Agents, Wachovia and the Conduit (which such counsel may be employees of an Agent, Wachovia or the Conduit) with respect thereto and with respect to advising the Agents, Wachovia and the Conduit as to their respective rights and remedies under this Agreement. Seller shall pay to the Agents and the Purchasers on demand any and all costs and expenses of the Agents and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event.

ARTICLE XI.

THE AGENTS

Section 11.1 Appointment .

(a) Each Purchaser and the Scotiabank Group Agent hereby irrevocably designates and appoints Wachovia Bank, National Association, as Administrative Agent hereunder, and authorizes the Administrative Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Purchaser or the Scotiabank Group Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Administrative Agent shall be read into this Agreement or otherwise exist against the Administrative Agent.

(b) Each of the Conduit and the Scotiabank Committed Purchaser hereby irrevocably designates and appoints The Bank of Nova Scotia, a Canadian chartered bank acting through its New York Agency as the Scotiabank Group Agent hereunder, and authorizes the Scotiabank Group Agent to take such action on its behalf under the provisions of this Agreement, the Conduit Fee Letter and the Liquidity Agreement and to exercise such powers and perform such duties as are expressly delegated to the Scotiabank Group Agent by the terms of this Agreement, if any, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Fee Letter or the Liquidity Agreements, the Scotiabank Group Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Purchaser, or other Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Scotiabank Group Agent shall be read into this Agreement, the Fee Letter or the Liquidity Agreements or otherwise exist against the Scotiabank Group Agent.

(c) The provisions of this Article XI are solely for the benefit of the Agents and the Purchasers, and neither of the Seller Parties shall have any rights as a third-party beneficiary or otherwise under any of the provisions of this Article XI, except that this Article XI shall not affect any obligations which any Agent or any Purchaser may have to either of the Seller Parties under the other provisions of this Agreement.

(d) In performing its functions and duties hereunder, the Administrative Agent shall act solely as the agent of the Purchasers and the Scotiabank Group Agent and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for either of the Seller Parties or any of their respective successors and assigns. In performing its functions and duties hereunder, the Scotiabank Group Agent shall act solely as the agent of the Conduit and the Scotiabank Committed Purchaser(s), and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for either of the Seller Parties, any other Purchaser, or Agent, or any of their respective successors and assigns.

Section 11.2 Delegation of Duties . Each Agent may execute any of its duties under the applicable Transaction Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions . Neither any Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them or any Person described in Section 11.2 under or in connection with the Transaction Documents (except for its, their or such Person's own bad faith, gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers or other agents for any recitals, statements, representations or warranties made by the Seller contained in any Transaction Document or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, any Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of either of the Seller Parties to perform its respective obligations hereunder, or for the satisfaction of any condition specified in Article VI, except receipt of items required to be delivered to such Agent. No Agent shall be under any obligation to any Purchaser or other Agent to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, any Transaction Document, or to inspect the properties, books or records of the Seller Parties. This Section 11.3 is intended solely to govern the relationship between each Agent, on the one hand, and the Purchasers on the other.

Section 11.4 Reliance by the Agents and the Purchasers .

(a) Each Agent and each Purchaser shall in all cases be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Seller Parties), independent accountants and other experts selected by such Agent or such Purchaser. Each Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of (i) in the case of the Administrative Agent, Wachovia and the Scotiabank Group Agent (except where another provision of this Agreement specifically authorizes the Administrative Agent to take action

based on the instructions of Wachovia and the Scotiabank Group Agent) or (ii) in the case of the Scotiabank Group Agent, such of the Conduit and the Scotiabank Committed Purchasers, as it shall determine to be appropriate under the relevant circumstances, or it shall first be indemnified to its satisfaction by its Constituent Scotiabank Committed Purchasers against any and all liability, cost and expense which may be incurred by it by reason of taking or continuing to take any such action.

(b) Any action taken by the Administrative Agent in accordance with Section 11.4(a) shall be binding upon all Purchasers and the Scotiabank Group Agent.

(c) The Scotiabank Group Agent shall determine with the Conduit and, as applicable, the Scotiabank Committed Purchasers, the number of such Persons which shall be required to request or direct the Scotiabank Group Agent to take action, or refrain from taking action, under this Agreement on behalf of such Persons and whether any consent of the rating agencies who rate the Conduit's Commercial Paper is required (such Persons and, if applicable, rating agencies, a " ***Voting Block*** "). The Scotiabank Group Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of its appropriate Voting Block, and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Scotiabank Group Agent's Constituents.

(d) Unless otherwise advised in writing by the Scotiabank Group Agent or by any Purchaser or the Scotiabank Committed Purchaser on whose behalf the Scotiabank Group Agent's is purportedly acting, each party to this Agreement may assume that (i) the Scotiabank Group Agent's is acting for the benefit of the Conduit and, as applicable, the Scotiabank Committed Purchasers, as well as for the benefit of each permitted assignee from any such Person, and (ii) each action taken by the Scotiabank Group Agent has been duly authorized and approved by all necessary action on the part of its Voting Block. The Conduit (or, with the consent of all other Purchasers then existing, any other Purchaser) shall have the right to designate a new Scotiabank Group Agent (which may be itself) to act on its behalf and on behalf of its assignees and transferees for purposes of this Agreement by giving to the Agents and the Seller Parties written notice thereof signed by such Purchaser(s) and the newly designated Scotiabank Group Agent. Such notice shall be effective when receipt thereof is acknowledged by the retiring Scotiabank Group Agent and the Seller Parties, which acknowledgments shall not be withheld or unreasonably delayed, and thereafter the party named as such therein shall be Scotiabank Group Agent for such Purchasers under this Agreement. Scotiabank Group Agent, the Conduit and Scotiabank Committed Purchasers shall agree amongst themselves as to the circumstances and procedures for removal and resignation of such Scotiabank Group Agent.

Section 11.5 Notice of Amortization Events . Neither any Agent nor any Purchaser shall be deemed to have knowledge or notice of the occurrence of any Amortization Event or Potential Amortization Event unless it has received notice from another Agent or another Purchaser, as applicable, or a Seller Party referring to this Agreement, stating that an Amortization Event or Potential Amortization Event has occurred hereunder and describing such Amortization Event or Potential Amortization Event. In the event that any Agent or any Purchaser receives such a notice, it shall promptly give notice thereof to the other Agents (in the case of the Scotiabank Group Agent, to the members of the Scotiabank Group) and the other Purchasers, as applicable. The Administrative Agent shall take such action with respect to such

Amortization Event or Potential Amortization Event as shall be directed by Wachovia or the Scotiabank Group Agent.

Section 11.6 Non-Reliance on the Agents and Other Purchasers . Each of the Purchasers expressly acknowledges that neither no Agent, nor any of such Agent's officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by any Agent hereafter taken, including, without limitation, any review of the affairs of the Seller Parties, shall be deemed to constitute any representation or warranty by such Agent. Each of the Purchasers also represents and warrants to the Agents and the other Purchasers that it has, independently and without reliance upon any such Person (or any of their Affiliates) and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller Parties and made its own decision to enter into this Agreement. Each of the Purchasers also represents that it will, independently and without reliance upon any Agent or any other Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, prospects, financial and other condition and creditworthiness of the Seller Parties. Neither any Agent nor any Purchaser, nor any of their respective Affiliates, shall have any duty or responsibility to provide any party to this Agreement with any credit or other information concerning the business, operations, property, prospects, financial and other condition or creditworthiness of the Seller Parties which may come into the possession of such Person or any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates except that the Scotiabank Group Agents shall promptly distribute to the Conduit (and, as applicable, the Scotiabank Committed Purchasers), copies of financial and other information expressly provided to the Scotiabank Group Agent by either of the Seller Parties pursuant to this Agreement for distribution to the Agents and/or Purchasers.

Section 11.7 Indemnification of Agents .

(a) Each Committed Purchaser agrees to indemnify the Administrative Agent and its officers, directors, employees, representatives and agents (to the extent not reimbursed by the Seller Parties and without limiting the obligation of the Seller Parties to do so), ratably in accordance with their respective Percentages or Invested Amount, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent or such Person in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not the Administrative Agent in its capacity as Administrative Agent or such Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Administrative Agent or such Person as a result of, or arising out of, or in any way related to or by reason of, any of the transactions contemplated hereunder or the execution, delivery or performance of this Agreement or any other document furnished in connection herewith (but excluding any such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the bad faith, gross negligence or willful

misconduct of the Administrative Agent or such Person as finally determined by a court of competent jurisdiction).

(b) Each Scotiabank Committed Purchaser agrees to indemnify the Scotiabank Group Agent and its officers, directors, employees, representatives and agents (to the extent not reimbursed by the Seller and without limiting the obligation of the Seller to do so), ratably in accordance with their respective Percentages or Receivables Interests, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for the Scotiabank Group Agent or such Person in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not the Scotiabank Group Agent in its capacity as the Scotiabank Group Agent or such Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Scotiabank Group Agent or such Person as a result of, or arising out of, or in any way related to or by reason of, any of the transactions contemplated hereunder or the execution, delivery or performance of this Agreement or any other document furnished in connection herewith (but excluding any such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the bad faith, gross negligence or willful misconduct of the Scotiabank Group Agent or such Person as finally determined by a court of competent jurisdiction).

Section 11.8 Agents in their Individual Capacities . Each of the Agents in its individual capacity and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Seller Parties and their Affiliates as though such Agent were not an Agent hereunder. With respect to its Receivables Interests, if any, pursuant to this Agreement, each Agent shall have the same rights and powers under this Agreement as any Purchaser and may exercise the same as though it were not an Agent, and the terms “Purchaser” and “Purchasers” shall include each of the Agents in their individual capacities.

Section 11.9 Successor Administrative Agent . The Administrative Agent, upon five (5) days’ notice to the Seller Parties, the Purchasers and the Scotiabank Group Agent, may voluntarily resign and may be removed at any time, with or without cause, by both Wachovia and the Scotiabank Group Agent, whereupon Scotiabank shall become the successor Administrative Agent; ***provided, however,*** that Wachovia shall not voluntarily resign as the Administrative Agent so long as Wachovia’s Commitment remains in effect or Wachovia has any outstanding Receivables Interests hereunder. Upon resignation or replacement of any Administrative Agent in accordance with this Section 11.9, the retiring Administrative Agent shall execute such UCC-3 assignments and amendments, and assignments and amendments of the Transaction Documents, as may be necessary to give effect to its replacement by a successor Administrative Agent. After any retiring Administrative Agent’s resignation hereunder as Administrative Agent, the provisions of Article X and this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 11.10 Scotiabank Group Agent’s Conflict Waivers . Scotiabank or one of its Affiliates acts, or may in the future act, (i) as administrative agent for the Conduit, (ii) as issuing and paying agent for the Conduit’s Commercial Paper, (iii) to provide credit or liquidity

enhancement for the timely payment for the Conduit's Commercial Paper and (iv) to provide other services from time to time for the Conduit (collectively, the " ***Scotiabank Roles*** "). Without limiting the generality of Sections 11.1 and 11.8, each of the Agents and the Purchasers hereby acknowledges and consents to any and all Scotiabank Roles and agrees that in connection with any Scotiabank Role, Scotiabank, or such Affiliate may take, or refrain from taking, any action which it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for the Conduit, the giving of notice to the Scotiabank Committed Purchasers of a mandatory purchase pursuant to the Liquidity Agreement, and hereby acknowledges that neither Scotiabank nor any of its Affiliates has any fiduciary duties hereunder to any Purchaser (other than the Conduit) or to any of the Scotiabank Committed Purchasers arising out of any Scotiabank Roles.

Section 11.11 UCC Filings . Each of the Purchasers hereby expressly recognizes and agrees that the Administrative Agent may be designated as the secured party of record on the various UCC filings required to be made under this Agreement and the party entitled to amend, release and terminate the UCC filings under the Receivable Sale Agreement in order to perfect their respective interests in the Receivables, Collections and Related Security, that such designation shall be for administrative convenience only in creating a record or nominee holder to take certain actions hereunder on behalf of the Purchasers and that such listing will not affect in any way the status of the Purchasers as the true parties in interest with respect to the Receivables Interests. In addition, such listing shall impose no duties on the Administrative Agent other than those expressly and specifically undertaken in accordance with this Article XI.

ARTICLE XII.

ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments .

(a) Each of the parties hereto hereby agrees and consents to the complete or partial assignment by the Conduit of all or any portion of its rights under, interest in, title to and obligations under this Agreement to the Scotiabank Committed Purchasers pursuant to the Liquidity Agreement or to any other Person, and upon such assignment, the Conduit shall be released from its obligations so assigned. Further, each of the parties hereto hereby agrees that any assignee of the Conduit of this Agreement or all or any of the Receivables Interests of the Conduit shall have all of the rights and benefits under this Agreement as if the term "Conduit" explicitly referred to such party, and no such assignment shall in any way impair the rights and benefits of the Conduit hereunder.

(b) Any Committed Purchaser may at any time and from time to time assign to one or more Persons (each, an ***"Assignee Committed Purchaser"***) all or any part of its rights and obligations under this Agreement and, in the case of the Scotiabank Committed Purchasers, under the Liquidity Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the ***"Assignment Agreement"***) executed by such Assignee Committed Purchaser and such selling Committed Purchaser. In the case of the Scotiabank Committed Purchasers, the consent of the Conduit shall be required prior to the effectiveness of any such assignment by a Scotiabank Committed Purchasers. The consent of the Seller (which

consent shall not be unreasonably withheld or delayed) shall be required prior to the effectiveness of any such assignment other than to an existing Committed Purchaser. Each assignee of a Committed Purchaser must have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's Investor Service, Inc. or a long term debt rating of "A" by S&P and "A2" or better by Moody's and each assignee of a Scotiabank Committed Purchaser must agree to deliver to the Scotiabank Group Agent, promptly following any request therefor by the Scotiabank Group Agent or the Conduit, an enforceability opinion in form and substance satisfactory to the Scotiabank Agent and the Conduit. Upon delivery of the executed Assignment Agreement to the Administrative Agent and, in the case of the assignment by a Scotiabank Committed Purchaser, to the Scotiabank Group Agent, such selling Committed Purchaser shall be released from its obligations hereunder (and in the case of the selling Scotiabank Committed Purchasers, under the Liquidity Agreement) to the extent of such assignment. Thereafter the Assignee Committed Purchaser shall for all purposes be a Committed Purchaser party to this Agreement and shall have all the rights and obligations of a Committed Purchaser under this Agreement (and in the case of the selling Scotiabank Committed Purchasers, under the Liquidity Agreement) to the same extent as if it were an original party hereto and thereto, and no further consent or action by Seller, the Committed Purchasers or the Agents shall be required.

(c) Each of the Scotiabank Committed Purchasers agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and P-1 by Moody's Investor Service, Inc. (an " ***Affected Scotiabank Committed Purchaser*** "), such Affected Scotiabank Committed Purchaser shall be obliged, at the request of the Conduit or the Scotiabank group Agent, to assign all of its rights and obligations hereunder and under the Liquidity Agreement to (x) another Scotiabank Committed Purchaser or (y) another funding entity nominated by the Scotiabank group Agent and acceptable to the Conduit, and willing to participate in this Agreement and the Liquidity Agreement through the applicable Liquidity Termination Date in the place of such Affected Scotiabank Committed Purchaser; *provided* that the Affected Scotiabank Committed Purchaser receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Scotiabank Committed Purchaser's Pro Rata Share of the Aggregate Invested Amount and Yield owing to the Scotiabank Committed Purchasers and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Receivables Interests of the Scotiabank Committed Purchasers.

(d) Neither Seller nor the Servicer shall have the right to assign its rights or obligations under this Agreement.

Section 12.2 Participations . Any Committed Purchaser may, in the ordinary course of its business at any time sell to one or more Persons (each a ***"Participant"***) participating interests in its Commitment and Receivables Interest (or in the case of the Scotiabank Committed Purchasers, participating interests in its Ratable Share of the Commitments and Receivables Interests of the Scotiabank Committed Purchasers. Notwithstanding any such sale by a Committed Purchaser of a participating interest to a Participant, such Committed Purchaser's rights and obligations under this Agreement shall remain unchanged, such Committed Purchaser shall remain solely responsible for the performance of its obligations hereunder, and each of the parties hereto shall continue to deal solely and directly with such Committed Purchaser in connection with such Committed Purchaser's rights and obligations under this Agreement. Each

Committed Purchaser agrees that any agreement between such Committed Purchaser and any such Participant in respect of such participating interest shall not restrict such Committed Purchaser's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i).

ARTICLE XIII.

[RESERVED].

ARTICLE XIV.

MISCELLANEOUS

Section 14.1 Waivers and Amendments .

(a) No failure or delay on the part of any Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 14.1(b). This Agreement and the provisions hereof may only be amended, supplemented, modified or waived in a writing signed by the Wachovia, the Conduit, the Seller and the Agents.

Notwithstanding the foregoing, (i) without the consent of the Committed Purchasers, but with the consent of Seller, the Agents may amend this Agreement solely to add additional Persons as Committed Purchasers hereunder and (ii) the Agents, Wachovia and the Conduit may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, or Section 14.13 of this Agreement without the consent of Seller, provided that such amendment has no negative impact upon Seller. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon Seller, the Purchasers and the Agents.

Section 14.2 Notices . Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by telecopy, upon the receipt thereof, (ii) if given by mail, three (3) Business Days after

the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes Wachovia and the Scotiabank Group Agent to effect purchases and Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom the Administrative Agent in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to the Administrative Agent a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by the Administrative Agent, the records of the Administrative Agent shall govern absent manifest error.

Section 14.3 Ratable Payments . If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaids owing to such Purchaser (other than payments received pursuant to Section 10.3 or 10.4) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaids, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaids held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaids; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.4 Protection of Receivables Interests .

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Administrative Agent may request, to perfect, protect or more fully evidence the Receivables Interests, or to enable the Administrative Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. At any time after the occurrence of an Amortization Event, the Administrative Agent may, or the Administrative Agent may direct Seller or the Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Administrative Agent or its designee. Seller or the Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, the Administrative Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and the Administrative Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.4. Each Seller Party irrevocably authorizes the Administrative Agent at any time and from time to time in the sole discretion of the Administrative Agent, and appoints the Administrative Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to execute on behalf of Seller as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Purchasers in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such

offices as the Administrative Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 14.5 Confidentiality .

(a) Each of the parties hereto shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Fee Letter and the other confidential or proprietary information with respect to the Originators (including, without limitation, confidential information with respect to their Obligors), the Agents, the Purchasers and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such party and its directors, officers and employees may disclose such information (i) to such party's external accountants, attorneys, investors, potential investors and credit enhancers and the agents or advisors of such Persons and (ii) as required by any applicable law, regulation or order of any judicial or administrative proceeding provided that each party shall use commercially reasonable efforts to ensure, to the extent permitted given the circumstances, that any such information which is so disclosed is kept confidential.

(b) Anything herein to the contrary notwithstanding, each Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to each of the Agents and Purchasers, (ii) to any prospective or actual assignee or participant of any of the Agents or any of the Purchasers, and (iii) to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to the Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which the Scotiabank Group Agent acts as the administrative agent or administrator, and to any officers, directors, employees, outside accountants, advisors and attorneys of any of the foregoing, provided each such Person is advised of the confidential nature of such information and, in the case of a Person described in clause (ii) above, agrees to be bound by the provisions of this Section 14.5 . In addition, the Agents and the Purchasers may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law) although each of them shall use commercially reasonable efforts to ensure, to the extent permitted given the circumstances, that any such information which is so disclosed is kept confidential.

Section 14.6 Bankruptcy Petition . Each of Seller, the Servicer, the Agents, the Committed Purchasers and the Conduit hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of the Conduit, it will not institute against, or join any other Person in instituting against, the Conduit any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 14.7 Limitation of Liability . Except with respect to any claim arising out of the willful misconduct or gross negligence of any Agent or any Purchaser, no claim may be made by any Seller Party or any other Person against any Agent or any Purchaser or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect,

consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Seller Party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 14.8 CHOICE OF LAW . THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO) EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE ADMINISTRATIVE AGENT'S OR PURCHASERS' OWNERSHIP OF OR SECURITY INTEREST IN THE RECEIVABLES AND RELATED SECURITY OR REMEDIES HEREUNDER IN RESPECT THEREOF ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 14.9 CONSENT TO JURISDICTION . EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT SITTING IN THE BOROUGH OF MANHATTAN, NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST ANY AGENT OR ANY PURCHASER OR ANY AFFILIATE OF ANY AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN THE BOROUGH OF MANHATTAN, NEW YORK.

Section 14.10 WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms .

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification and payment provisions of Article X, and Sections 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References . This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to ***"Article," "Section," "Schedule"*** or ***"Exhibit"*** shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 14.13 Characterization .

(a) It is the intention of the parties hereto that each purchase hereunder shall constitute and be treated as an absolute and irrevocable sale, which purchase shall provide the applicable Purchaser with the full benefits of ownership of the applicable Receivables Interest. Except as specifically provided in this Agreement, each sale of a Receivables Interest hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each of the Purchasers and the Agents for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser or Agent or any assignee thereof of any obligation of Seller or any Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any Originator.

(b) In addition to any ownership interest which the Administrative Agent may from time to time acquire pursuant hereto, Seller hereby grants to the Administrative Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller's right, title and interest in, to and under all Receivables now existing or hereafter arising, the Collections, each Lock-Box, each Collection Account, all Related Security, all other rights and payments relating to such Receivables, and all proceeds of any thereof prior to all other liens on

and security interests therein to secure the prompt and complete payment of the Aggregate Unpaids. The Administrative Agent and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

CONVERGYS FUNDING INC., AS SELLER

By: /s/ Timothy M. Wesolowski
President

Address:

Circleport II Business Park
1101 Pacific Avenue
Erlanger, KY 41018
Attention: Kevin C. O'Neil
Phone: (513) 723-6699
Fax: (513) 723-7734

CONVERGYS CORPORATION, AS SERVICER

By: /s/ Timothy M. Wesolowski
Senior Vice President and Controller

Address:

201 East Fourth Street
Cincinnati, Ohio 45202
Attention: Karen R. Bowman
Phone: (513) 784-1071
Fax: (513) 784-5610

LIBERTY STREET FUNDING LLC

By: /s/ Jill A. Russo
Vice President

Address:

Liberty Street Funding Corp.
c/o Global Securitization Services, LLC
114 West 47th Street, Suite 1715
New York, NY 10036
Attention: Jill Russo, Vice President
Phone: (212) 295-2745
Fax: (212) 302-8767

with a copy to:

The Bank of Nova Scotia
One Liberty Plaza, 26th Floor
New York, NY 10006
Attention: Michael Eden, Director
Phone: (212) 225-5007
Fax: (212) 225-5290

THE BANK OF NOVA SCOTIA, AS A COMMITTED PURCHASER AND AS SCOTIABANK GROUP AGENT

By: /s/ Michael Eden
Director

Address:

The Bank of Nova Scotia
One Liberty Plaza, 26th Floor
New York, NY 10006
Attention: Michael Eden, Director
Phone: (212) 225-5007
Fax: (212) 225-5290

WACHOVIA BANK, NATIONAL ASSOCIATION,
INDIVIDUALLY AS A PURCHASER AND AS ADMINISTRATIVE AGENT

By: /s/ Michael J. Landry
Vice President

Address:

Wachovia Bank, National Association
171 17th Street, N.W., 4th Floor
Mail-stop GA4524
Atlanta, GA 30363
Attention: Michael Landry
Phone: (404) 214-6388
Fax: (404) 214-5481

Exhibit 31.1 to 2009 10-Q

Certification

I, Dave F. Dougherty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Convergys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2009

/s/ David F. Dougherty
David F. Dougherty
Chief Executive Officer

Exhibit 31.2 to 2009 10-Q

Certification

I, Earl C. Shanks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Convergys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2009

/s/ Earl C. Shanks
Earl C. Shanks
Chief Financial Officer

Exhibit 32.1 to 2009 10-Q

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q for the quarter ended June 30, 2009 of Convergys Corporation (the "Company"), as filed with the Securities and Exchange Commission on August 4, 2009 (the "Report"), I, David F. Dougherty, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ David F. Dougherty
David F. Dougherty
Chief Executive Officer

August 4, 2009

A signed original of this written statement required by Section 906 has been provided to Convergys Corporation and will be retained by Convergys Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 32.2 to 2009 10-Q

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q for the quarter ended June 30, 2009 of Convergys Corporation (the "Company"), as filed with the Securities and Exchange Commission on August 4, 2009 (the "Report"), I, Earl C. Shanks, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Earl C. Shanks
Earl C. Shanks
Chief Financial Officer

August 4, 2009

A signed original of this written statement required by Section 906 has been provided to Convergys Corporation and will be retained by Convergys Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.