



First Quarter 2009 Earnings Presentation

April 28, 2009

Forward-Looking Statements and Non-GAAP Measures



This presentations contains "forward-looking statements," - that is, statements relating to future, not past, events. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest or exchange rates; continued volatility and further deterioration of the capital markets; the impact of regulation and regulatory, investigative and legal actions; strategic actions, including acquisitions and dispositions; future integration of acquired businesses; future financial performance of major industries which we serve; the loss of a significant client or significant business from a client; difficulties in completing a contract or implementing its provisions; and numerous other matters of national, regional and global scale, including those of the political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. Please refer to Convergys' most recent news releases and filings with the SEC for additional information including risk factors. We do not undertake to update our forward-looking statements as a result of new information or future events or developments.

This presentation also includes non-GAAP financial measures including free cash flow. These non-GAAP measures should not be construed as being more important than comparable GAAP measures. Convergys' management believes free cash flow provides the users of the financial statements with a more comprehensive understanding of the Company's underlying performance. A reconciliation of these non-GAAP measures is available on the Convergys website at www.convergys.com

Today's presentation is intended to be reviewed in connection with Convergys' first quarter 2009 earnings call.

Agenda

Operating Results

Financial Review

Business Outlook



Financial Highlights – Q1'09

Revenue expectation

Met

Earnings expectation

Exceeded

Cash balance

Growing

2009 free cash flow

On track

2009 EPS guidance

Confirmed

Slow Economy Driving Demand for Quality

Client Impacts

- Business slowdown
 - limited growth with new consumers
 - heightened risk of churn with current consumers
- Clients focused on:
 - retaining consumers
 - increasing customer satisfaction
 - reducing cost

Convergys Implications

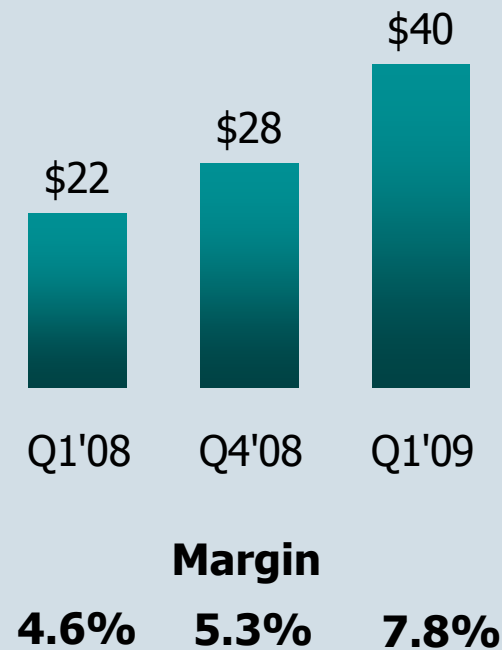
- Set to meet demand for full range of capabilities:
 - agent-assisted
 - automated
- Volume declines with some existing programs
- Winning new programs with existing and new clients
- Leverage record of delivering quality service at lower cost

Ranked #1 or #2 with top clients

Q1'09 Revenue Progress

- **Signing contracts**
 - new programs
 - longer cycle
 - strong renewal rates
- **Intervoice contributing**
- **Robust pipeline**

Customer Management Operating Income (\$M)



Q1'09 Status

- **Revenue**
 - sequential declines slowing, recurring revenue stream visibility
- **Operating income**
 - stabilizing with double-digit margins
- **New business**
 - growing pipeline, signing contracts, some delays
- **Investing for growth**
 - enhancing BSS/OSS, new market and application capabilities

Q1'09 Status

- **Fortune 50 "go-lives"**
 - over half employees being served
- **Implementation challenges**
 - complexity and cost
- **Working to limit risk and reduce cost**
 - negotiating future phases, leveraging partners
- **Not signing contracts with implementation risk**

Priorities in Challenging Environment



- Manage cash and liquidity
- Continue relationship management strategy execution
- Position Information Management for growth in a recovery
- Execute HR Management partner-based implementation strategy
- Ensure cost structure aligned with revenue

Emerge stronger and better positioned

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Financial Summary – Q1'09

Revenue

**\$695
million**

Operating income

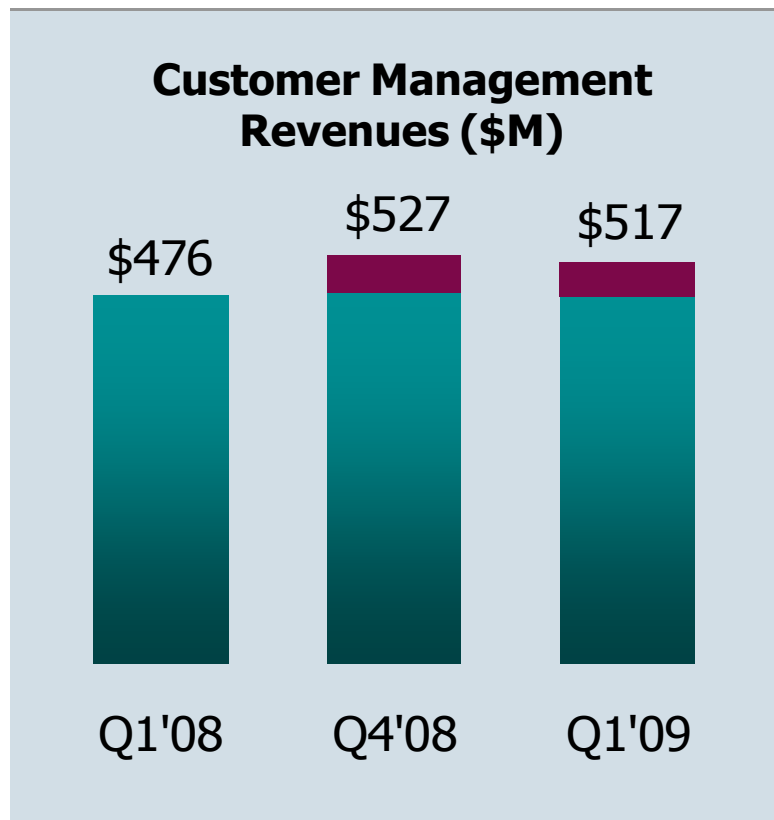
**\$39
million**

Earnings per share

\$0.23

Cash balance

**\$278
million**



Q1'09 Summary

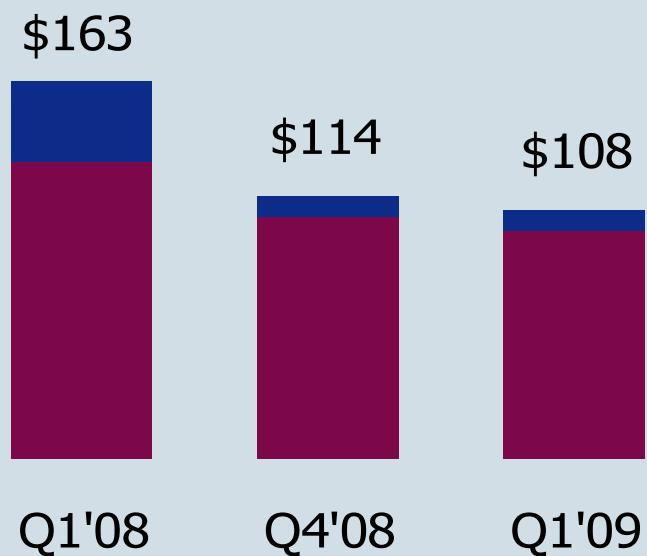
- **Up 9% yoy**
- **Intervoice:** \$43 million
- **Soft economy**
 - volume declines
 - technology sales slow
- **Delivery capacity expansion**
 - Philippines
 - Latin America
- **Robust pipeline**

Operating Income

\$Millions	Q1'08	Q4'08	Q1'09
Restructuring costs	\$5	\$9	-
Operating income	\$22	\$28	\$40
<i>Margin</i>	<i>4.6%</i>	<i>5.3%</i>	<i>7.8%</i>

Q1'09 impacts

- **Operating improvement**
 - tight workforce management, price increases, overhead reductions
- **100 bps negative impact from foreign exchange**
- **Investments**
 - technology infrastructure, sales resources, consulting

**Information Management
Revenues (\$M)****North American
consolidation****Q1'09 Summary**

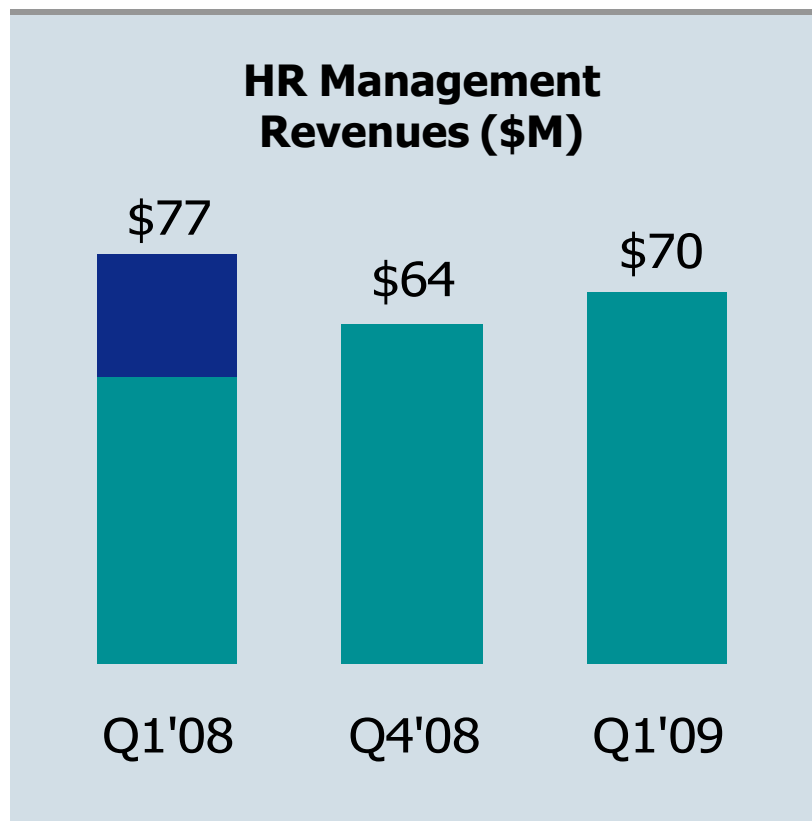
- **North America revenue**
 - new client
 - migration impact
- **International revenue**
 - project completions
- **Declines slowing**
- **Emerging opportunities**

Operating Income

\$Millions	Q1'08	Q4'08	Q1'09
Restructuring costs	\$7	\$3	-
Operating income	\$30	\$12	\$13
<i>Margin</i>	<i>18.1%</i>	<i>10.2%</i>	<i>11.6%</i>

Q1'09 impacts

- **Operating performance**
 - revenue decline, good cost management
- **Investments**
 - \$4 million increase in R&D
 - \$1 million increase in sales resources



termination and pass-through revenue

Q1'09 Summary

- **Revenue increase from both client "go-lives"**
- **Offset by:**
 - termination payment Q1'08
 - elimination of pass-through revenues Q2'08

Operating Income

\$Millions	Q1'08	Q4'08	Q1'09
Implementation and restructuring costs	\$2	\$70	\$9
Operating income	\$(5)	\$(70)	\$(10)
<i>Margin</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>

Q1'09

- **Excess implementation cost**
 - \$9 million expensed rather than capitalized
- **Negotiating with clients to reduce risk**

Non-operating Items

\$Millions	Q1'08	Q4'08	Q1'09
Cellular partnership earnings	\$7	\$10	\$11
Other income	\$(1)	\$6	\$(5)
Interest expense	\$(4)	\$(9)	\$(7)
Total non-operating items	\$2	\$7	\$(1)

Q1'09 impacts

- **Other income**
 - currency fluctuations
- **Interest expense**
 - higher debt (Intervoice acquisition) and interest rates
- **Tax rate 25%**

Free Cash Flow

\$Millions	Q1'08	Q4'08	Q1'09
Cash provided by operating activities	\$26	\$124	\$56
Capital expenditures, net	\$(19)	\$(29)	\$(23)
Free cash flow (non-GAAP)	\$7	\$95	\$33

Q1'09 impacts

- **6-day DSO improvement versus year ago**
- **\$10 million Cellular Partnership cash dividend**
 - not included in free cash flow

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Confirming 2009 Business Outlook

2009 Guidance

Revenue

Customer Management



HR Management



Information Management



Operating income and margin



Interest expense



Earnings per diluted share

\$0.90 to \$1.10

Free cash flow

~\$200 million

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