

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

CONVERGYS CORP

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

FORM 10-K

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

For the fiscal year ended December 31, 2012

Commissions file number 1-14379

CONVERGYS CORPORATION

An Ohio Corporation
I.R.S. Employer
No. 31-1598292
201 East Fourth Street, Cincinnati, Ohio 45202
Telephone Number (513) 723-7000

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

Title of each class	Name of each exchange on which registered
Common Shares (no par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of the voting shares held by non-affiliates of the registrant was \$1,660,693,899, computed by reference to the closing sale price of the stock on the New York Stock Exchange on June 30, 2012, the last business day of the registrant's most recently completed second fiscal quarter.

At January 31, 2013, there were 106,256,886 common shares outstanding, excluding amounts held in treasury of 81,589,814.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2013 Annual Meeting of Shareholders to be held on April 26, 2013

are incorporated by reference into Part III of this report.

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Safe Harbor Statement and Part I, Item 1. Business

Private Securities

Litigation Reform Act of 1995

Safe Harbor Cautionary Statement

This report and the documents incorporated by reference contain “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on current expectations, estimates and projections. Statements that are not historical facts, including statements about the beliefs and expectations of Convergys Corporation (the Company or Convergys), are forward-looking statements and will contain words such as “believes,” “expects,” “intends,” “could,” “should,” “will,” “plans,” “anticipates” and other similar words. These statements discuss projections and expectations; 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 has no current intention to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Important factors that may affect these forward-looking statements include, but are not limited to: the behavior of financial markets including fluctuations in interest or exchange rates; continued volatility and 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. The “Risk Factors” set forth in Part I, Item 1A of this report could also cause actual results to differ materially from the forward-looking statements.

Part I

Item 1. Business

Overview

Convergys Corporation (we, the Company or Convergys) is a global leader in customer management, focused on bringing value to its clients through every customer interaction. Over half of the Fortune 50 companies trust Convergys to care for their most important asset: their customers. The Company's business model allows us to deliver consistent, quality service, at the scale and in the geographies that meet our clients' business needs. The Company leverages its breadth and depth of capabilities to help leading companies create quality customer experiences across multiple channels, while increasing revenue and reducing their cost to serve. Convergys is uniquely positioned as a well capitalized leader in our market and is able to invest in the services, technology, and analytics that matter to our clients and their customers.

Convergys was formed as an Ohio corporation in 1998. The Company maintains an internet website at www.convergys.com. Information about the Company is available on the website, free of charge, including the annual report filed on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. The Company's website and the information contained therein are not considered as being incorporated into this Annual Report. You may read and copy any materials the Company files with the SEC at the SEC's public reference room at 100 F Street NE, Washington, DC 20549. The public may obtain information about the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The website of the SEC is www.sec.gov.

The Company has a Code of Business Conduct that applies to all employees as well as our Board of Directors; a Financial Code of Ethics that applies to our principal executive officer, principal financial and accounting officer and certain other management and senior employees; and Governance Principles for our Board of Directors.

The Code of Business Conduct, Financial Code of Ethics and Governance Principles, as well as the charters for the

Audit Committee, Finance Committee, Compensation and Benefits Committee and Governance and Nominating Committee of our Board of Directors, are posted on our website at www.convergys.com. The Company will post on our website any amendments to, or waivers of, the Code of Business Conduct and Financial Code of Ethics. Copies of these documents also will be provided free of charge upon written request directed to Investor Relations, Convergys Corporation, 201 East Fourth Street, Cincinnati, Ohio 45202.

Business Segments

Historically, we had three reportable segments, Customer Management, Information Management and Human Resources Management (HR Management). In March 2012, we signed a definitive agreement to sell the Information Management line of business to NEC Corporation. The sale closed on May 16, 2012. In March 2010, we signed a definitive agreement to sell the HR Management line of business to NorthgateArinso. The sale substantially closed on June 1, 2010 and was completed by the end of 2010. Due to the sales of the Information Management and HR Management line of businesses, the operating results and assets and liabilities related to Information Management and HR Management have been reflected as discontinued operations for all periods presented.

As a result of the change in classification of the Information Management business to discontinued operations, the change in our Chief Executive Officer in the fourth quarter, and in order to reflect the internal financial reporting structure and operating focus of our new management team and chief operating decision maker, we report operating results and assets and liabilities as a single segment on a consolidated basis. Segment information for previous periods has been reclassified to conform to the current reporting structure.

The geographic information included in Item 8, Note 16 of the Notes to Consolidated Financial Statements, is incorporated by reference in partial response to this Item 1.

Our Business

Convergys handles more than 4 billion customer contacts per year. We have approximately 77,000 employees in over 70 locations across the globe and in our work-at-home environment. We provide multilingual, multichannel customer care with a global service delivery infrastructure that operates 24 hours a day, 365 days a year. Our clients benefit from our worldwide workforce located in the U.S., Canada, the Philippines, India, Latin America and Europe.

Our breadth and depth of capabilities span services, technology, and analytics. Our more than 76,000 customer and relationship management employees provide solutions across the customer lifecycle, including:

- Customer Service
- Customer Retention
- Technical Support
- Business-to-Consumer Sales
- Complex Device Support
- Business-to-Business Sales and Account Management
- Back Office
- Collections
- Quality Assurance
- Direct Response
- Home Agent

Our innovative contact center technologies provide solutions including:

- Intelligent Self Service, Call Routing, Notification
- Campaign Management
- Social Interactions
- Personalized Care
- Cross-Sell / Up-Sell
- Retention
- Credits

Our more than 225 analytic consultants use data to drive expertise through research and consulting solutions including:

- Point of sale evaluation
- Relational Loyalty
- Segmentation and profiling
- Interaction Assessment
- Repeat Call Analytics
- Chat Optimization
- Interactive Voice Response (IVR) Optimization

Strategy

Convergys' strategy is to build on its leading position in a large global market by investing in what matters most to its clients and leveraging its strong financial position to drive sustainable growth and value creation.

Build on Leading Market Position to Grow With Loyal and Expanding Client Base

Convergys is a leader in the large, global customer management business process outsourcing (BPO) market. The company's primary focus is on growth with U.S. multinational corporations in the communications, financial services, technology and other vertical markets. The U.S. market is the largest customer management market and continues to project growth. As the leader in the U.S. market, Convergys will continue to capture share by strengthening loyal relationships, expanding with existing clients and further penetrating under-served verticals through pursuit of select new logos.

Capitalize on Industry Trends by Investing in Quality, Capability and Clients

Several trends play to Convergys' strengths, including increasing call complexity, full life-cycle services, vendor consolidation and off-shore delivery. To capitalize on these trends, the company invests in a combination of global quality delivery, comprehensive solutions and close client engagement.

Increasing Call Complexity

The nature of customer calls is becoming increasingly complex. For example, as the technology, such as mobile devices, that customers use becomes more complicated, calls to troubleshoot this technology also become increasingly complicated. Convergys invests in its global operating model to ensure the right talent is trained and supported by the right tools to handle these complex calls with quality, at scale, regardless of location.

Full Life-Cycle Services

Client strategies for customer service change rapidly. Increasingly clients want to work with partners that offer a breadth and depth of capabilities and the flexibility to make rapid adjustments to the services they provide to their customers. To meet these changing client needs, Convergys invests in comprehensive solutions consisting of services, technology and analytics that support the full lifecycle of contact types including customer acquisition, service, sales, retention and collections.

Vendor Consolidation

Increasingly, clients seek to drive efficiencies and a consistent customer experience by concentrating outsourced operations with a smaller number of strategic partners. Convergys invests in account management to ensure close client engagement in order to better understand unique client needs, consistently deliver the right mix of solutions and quickly ramp up programs when consolidating volume from other vendors.

Off-shore Delivery

Clients demand contact center services from multiple geographies. Convergys invests in global capacity to provide the right work types in the right geographies to drive the quality delivery and value our clients demand.

Leverage Financial Strength to Invest in Strategic Growth, Return Capital to Investors

Convergys is a well-capitalized market leader that generates strong operating cash flow which allows it to both invest in strategic growth and return capital to investors. The company follows a disciplined capital deployment strategy through selective pursuit of acquisitions, focusing on diversity of clients, capabilities and countries and the return of capital to investors through opportunistic share repurchases and a quarterly dividend.

Clients

We derive significant revenues from AT&T Inc. (AT&T), our largest client. Revenues from AT&T were 23.1%, 23.4% and 23.0% of our consolidated revenues for 2012, 2011 and 2010, respectively. We also derive significant revenues from Comcast Corporation (Comcast) and the DIRECTV Group, Inc. (DIRECTV). Revenues from Comcast were 12.4%, 12.0% and 10.5% of our consolidated revenues for 2012, 2011 and 2010, respectively, while revenues from DIRECTV were 12.3%, 11.8% and 8.6% for the same periods.

We focus on developing long-term, strategic relationships with large companies in customer-intensive industries. We focus on these types of clients because of the complexity of services required, the anticipated growth of their market segments and their increasing need for more cost-effective customer management services.

Operations

We operate 70 contact centers averaging approximately 71,000 square feet per center. We have approximately 45,000 production workstations and provide service 24 hours a day, 365 days a year. Under our global operating model, our contact centers are located in various parts of the world including the United States, Canada, the Philippines, India, Costa Rica, Colombia and the U.K. New contact centers are established to accommodate anticipated growth in business or in response to a specific customer need. We continue to add contact center capacity in the Philippines and Latin America to accommodate client needs.

Our contact centers employ a broad range of technology including digital switching, intelligent call routing and tracking, proprietary workforce management systems, case management tools, proprietary software systems, computer telephony integration, interactive voice response, advanced speech recognition, web-based tools and relational database management systems. This technology enables us to improve our call, web and e-mail handling and personnel scheduling, thereby increasing our efficiency and enhancing the quality of the services we deliver to our clients and their customers and employees. With this technology, we are able to respond to changes in client call volumes and move call volume traffic based on agent availability. Additionally, we use this technology to collect information concerning the contacts, including number, response time, duration and results of the contact. This information is reported to the client on a periodic basis for purposes of monitoring quality of service and accuracy of the related billing.

We operate two primary data centers, one in Orlando, Florida, and the other in Cincinnati, Ohio, comprising, in total, approximately 170,000 square feet of space. Our technologically advanced data centers provide 24 hours a day, 365 days a year availability (with redundant power and communication feeds and emergency power back-up) and are designed to withstand most natural disasters.

The capacity of our data center and contact center operations, coupled with the scalability of our customer management solutions, enable us to meet initial and ongoing needs of large-scale and rapidly growing companies and government entities. By employing the scale and efficiencies of common application platforms, we are able to provide client-specific enhancements and modifications without incurring many of the costs of a full custom application. This allows us to be in a position to be a value-added provider of customer support products and services.

Technology, Research and Development

We will continue to emphasize the design, development and deployment of scalable customer management solutions.

Our success depends, in part, on our advanced technology used in the delivery of services to clients. As a result, we continue to invest in the enhancement and development of our contact center technology.

Our intellectual property consists primarily of business methods and software systems. To protect our proprietary rights, we rely primarily on a combination of U.S. and foreign copyright, trade secret and trademark laws; confidentiality agreements with employees and third parties and protective contractual provisions such as those contained in licenses and other agreements with consultants, suppliers, strategic partners and clients.

We own 151 patents which protect our technology and business methods that we use both to manage our internal systems and processes effectively and give us competitive advantages in developing innovative technologies to provide customer management services to our clients. The first of these patents was issued in September 1995, while the most recent patent was granted in December 2012. These patents generally have a life of 17 years. Additional applications for U.S. patents currently are pending.

Our name and logo and the names of our primary software products are protected by their historic use and by trademarks and service marks that are registered or pending in the U.S. Patent and Trademark Office and under the laws of more than 50 foreign countries.

Employees

As of December 31, 2012, we employed approximately 77,000 employees in over 70 locations across the globe and in our work-at-home environment. Our clients benefit from our worldwide workforce located in the U.S., Canada, Latin America, Europe, India, and the Philippines.

Competition

The industries in which we operate are competitive. Our competitors include other customer management companies, such as SITEL Corp., Stream Global Services, Inc., Sykes Enterprises Inc., Teleperformance, TeleTech Holdings Inc., and West Corporation. In addition, niche providers or new entrants can enter the market by developing new systems or services that could impact our business.

Item 1A. Risk Factors

General economic and market conditions may adversely affect our business, results of operations and financial condition.

Our results of operations are affected directly by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. Future 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. There can be no assurance that the effects of such slowdowns will not adversely impact our results of operations and financial condition.

If our clients are not successful, or the trend towards outsourcing does not continue, the amount of business that our clients outsource and the prices that they are willing to pay for such services may diminish and could adversely affect our business.

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. Although many of our contracts 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. A reduction in the amount of business we receive from our clients could result in stranded capacity and additional costs. In addition, we may face pricing pressure from clients, which could negatively affect our operating results.

Growth of our revenues depends, in large part, on the trend toward outsourcing. Outsourcing involves companies contracting with a third party, such as Convergys, to provide customer 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 material adverse effect on our financial condition and results of operations.

A large portion of our revenue is generated from a limited number of clients, and the loss of significant work from one or more of our clients could adversely affect our business.

Our three largest clients, as discussed under the section above titled "Clients," collectively represented 47.8% of our revenues for 2012. While we typically have multiple work orders and/or contracts with our largest customers which would not all terminate at the same time, the loss of one or more of the larger work orders or contracts with one of our largest clients could adversely affect our business, results of operations and financial condition if the lost revenues were not replaced with profitable revenues from that client or other clients.

Our business is substantially dependent on the condition of the global communications industry.

Approximately 60% of our revenue in 2012 was received from customers operating in the global communications industry. The global communications industry in the past has experienced significant fluctuations in growth rates and capital investment, and it is impossible to predict its future performance. Our revenues and earnings could be adversely affected by general weakness or a slowdown in the communications industry.

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. While we take measures to protect the security and privacy of this information and to prevent unauthorized access, it is possible that our security controls over personal data and other practices we follow may not prevent the improper access to or disclosure of personally identifiable information. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential client or customer data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems or those we develop for clients, whether by our employees or third parties, could result in negative publicity, legal liability and damage to our reputation, business, results of operations and financial condition.

Interruption of our data centers and contact centers could have a materially adverse effect on our business.

In the event that we experience a temporary or permanent interruption at one or more of our data or contact centers, through natural disaster, casualty, operating malfunction, cyber attack, sabotage or other causes, we may be unable to provide the data 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.

Natural events, war, terrorist attacks, other civil disturbances and epidemics could disrupt our operations or lead to economic weakness in the countries in which we operate, resulting in a decrease of our revenues, earnings and cash flow.

Natural events (such as floods and earthquakes), war, terrorist attacks and epidemics of contagious illness could disrupt our operations in the U.S. and abroad and could lead to economic weakness in the countries in which they occur. We have substantial operations in countries such as the Philippines that have been subject to severe natural events, such as earthquakes and floods, in the past. Such disruptions could cause service interruptions or reduce the quality level of the services that we provide, resulting in a reduction of our revenues, earnings and cash flow and the payment of contractual penalties to our customers. These events may also cause our clients to reconsider their use of our services.

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. Our clients are highly dependent upon the high availability and uncompromised security of our systems. These systems are subject to the risk of an extended interruption or outage due to many factors, such as system failures, acts of nature and intentional, unauthorized attacks from third parties. Accordingly, maintenance of and investment in these foundational components are critical to our success. If the reliability of our technology or network operations falls below required service levels, or a systemic fault affects the organization broadly, we may be obligated to pay performance penalties to our customers, and our business from existing and potential clients may be jeopardized and cause our revenue and cash flow to decrease.

Our earnings are affected by changes in foreign currency.

Our business serves an increasing number of its U.S.-based clients using contact center capacity in the Philippines, India, Latin America and Canada. More than half of our approximately 76,000 customer and relationship management employees are located outside the United States. Although the contracts with these clients are typically priced in U.S. dollars, a substantial portion of the costs incurred by Convergys to render services under these contracts is denominated in Philippine pesos, Indian rupees, or Colombian 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. It is intended that 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 contracts, changes in foreign currency impact the results of our international business units that are located outside of North America.

The cash we hold may be subject to counterparty credit risk and we may not be able to repatriate to the U.S. cash held in foreign accounts without paying taxes.

While we continuously monitor the creditworthiness of the institutions holding our cash, the recent global economic and credit crisis has weakened the creditworthiness of many financial institutions. If one or more of the institutions holding our cash were to experience cash flow problems or were to become subject to insolvency proceedings, we may not be able to recover some or all of our deposited cash. As of December 31, 2012, approximately 30% of our cash and short term investments balance of \$638.5 million was held in accounts outside of the United States, most of which would be subject to additional taxes if repatriated to the United States.

In addition, the counterparties to our hedge transactions are financial institutions or affiliates of financial institutions, and we are subject to risks that these counterparties become insolvent and fail to perform their financial obligations under these hedge transactions. Our hedging exposure to counterparty credit risk is not secured by any collateral.

We may not be able to predict our future tax liabilities. If we become subject to increased levels of taxation or if tax contingencies are resolved adversely, our results of operations and financial condition could be adversely affected.

Due to the international nature of our operations, we are subject to the complex and varying tax laws and rules of several foreign jurisdictions. We may not be able to predict the amount of future tax liabilities to which we may become subject due to some of these complexities if our positions are challenged by local tax authorities. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions or due to legislative or regulatory changes could result in a material adverse effect on our business, results of operations and financial condition. We are subject to tax audits, including issues related to transfer pricing, in the United States and other jurisdictions. We have material tax-related contingent liabilities that are difficult to predict or quantify. While we believe that our current tax provisions are reasonable and appropriate, we cannot be assured that these items will be settled for the amounts accrued or that additional exposures will not be identified in the future or that additional tax reserves will not be provided for any such

exposures.

Our 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, commercial, tax and patent infringement claims. Unfavorable outcomes in pending litigation, or in future litigation, could negatively affect us.

In the ordinary course of business, we may make certain commitments, including representations, warranties and indemnities relating to current and past operations and divested businesses, and issue guarantees of third party obligations. The amounts of such commitments can only be estimated, and the actual amounts may differ materially from our estimates.

If we were required to make payments as a result of any of these matters and they exceed the amounts accrued, this could adversely affect our business, results of operations and financial condition.

We are susceptible to business and political risks from 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 and the Asia-Pacific region. In addition, as North American companies require additional off-shore customer management outsourcing capacity, we expect to continue international expansion through start-up operations and acquisitions. Expansion of our existing international operations and entry into additional countries will require management attention and financial resources. 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 laws in these jurisdictions, changes in legal or regulatory requirements, difficulties in staffing and managing foreign operations, inflation, political instability, compliance with anti-bribery and anti-corruption legislation 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.

Our business is subject to many regulatory requirements, and current or future regulation could significantly increase our cost of doing business.

Our business is subject to many laws and regulatory requirements in the United States and the foreign countries in which we operate, covering such matters as labor relations, health care requirements, trade restrictions, tariffs, taxation, sanctions, data privacy, consumer protection, internal and disclosure control obligations, governmental affairs and immigration. In the U.S., as well as several of the other countries in which we operate, some of our services must comply with various laws and regulations regarding the method and timing of placing outbound telephone calls and the recording or monitoring of telephone calls. Many of these regulations, including those related to data privacy, are frequently changing and sometimes conflict among the various jurisdictions and countries in which we provide services. Violations of these laws and regulations, some of which can be conflicting, could result in liability for damages, fines, criminal prosecution, unfavorable publicity and restrictions on our ability to operate. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, results of operations and financial condition.

Because a substantial portion of our operating costs consist of labor costs, changes in governmental regulations (particularly in the foreign jurisdictions in which we operate) relating to wages, healthcare and healthcare reform and other benefits or employment taxes could have a material adverse effect on our business, results of operations or financial condition.

In addition, there has been political discussion and debate related to worldwide competitive sourcing, labor-related legislation and information-flow restrictions, particularly from the United States to off-shore locations. Federal and state legislation has been proposed that, if enacted, could restrict or discourage U.S. companies from outsourcing services outside of the U.S. Future legislation, if enacted, could have an adverse effect on our business, results of operations and financial condition.

Our failure to successfully acquire and integrate businesses could cause our business to suffer.

We consider acquisitions, including acquisitions that may further diversify our geographic footprint, to be part of our growth strategy. We may not be able to identify and acquire appropriate acquisition candidates. In addition, there is a risk that we may not be able to successfully integrate acquired businesses and that acquired businesses might significantly underperform relative to our expectations. If an acquisition is not successful, our revenues and profitability, and reputation, could be adversely affected.

Our business performance and growth plans may be negatively affected if we are unable to effectively manage changes in the application and use of technology.

The utilization of technology in our industry has and will continue to increase rapidly. Our future success depends, in part, upon our ability to develop and implement technology solutions that anticipate and keep pace with continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis, and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses. If we cannot offer new technologies as quickly as our competitors or if our competitors develop more cost-effective technologies, it could have a material adverse effect on our ability to obtain and complete customer engagements. Also, if customer preferences for technology disproportionately outpace other interaction preferences, it could have a material adverse impact on our revenue profile and growth plans.

Defects or errors within our software could adversely affect our business.

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. Because 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 may 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, results of operations and financial condition.

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 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. The usage of home agents could help 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.

We also may experience short-term and/or longer-term fluctuations in client demand for services performed in one or more of our contact centers. Short term downward fluctuations may result in less than optimal site utilization for a period of time. Longer-term downward fluctuations may result in site closures. As a result, we may not achieve or maintain targeted site utilization levels, or site utilization levels may decrease over certain periods, and our profitability may suffer as a result.

A large portion of our accounts receivable is payable by a limited number of clients and the inability of any of these clients to pay its accounts receivable could adversely affect our business.

Because a large portion of our revenue is generated from a limited number of clients, we often carry significant accounts receivable balances from those clients. While we closely monitor these balances, if a significant client were financially unable or unwilling, for any reason, to pay our accounts receivable, our income and cash flow would decrease. We also have several important clients that are in industries that have been severely impacted by the current global economic slowdown. In addition, our income could be materially impacted by a number of small clients declaring bankruptcy within a short period of time.

We may incur material restructuring charges in the future.

In the past, we have recorded restructuring charges related to involuntary employee terminations, various facility abandonments, and various other restructuring activities. We continually evaluate ways to reduce our operating expenses through new restructuring opportunities, including more effective utilization of our assets, workforce, and operating facilities. In addition, changing industry and market conditions may dictate strategic decisions to restructure some business units and discontinue others. As a result, there is a risk, which is increased during economic downturns and with expanded global operations, that we may incur material restructuring charges in the future.

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

As described in Note 6 of the Notes to Consolidated Financial Statements, we 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. In the second quarter of 2012, the Company recorded a non-cash goodwill impairment charge of \$46.0. There can be no assurances that we will not incur additional charges in the future, particularly in the event of a prolonged economic slowdown.

Our controls and procedures may not prevent or detect all errors or acts of fraud.

Any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of controls must consider the benefits of controls relative to their costs. Controls cannot assure that no judgments in decision-making will be faulty or that breakdowns will not occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. While controls are designed with the intent of providing reasonable assurance of the effectiveness of the controls, such design is also based in part upon certain assumptions about the likelihood of future events, and such assumptions, while reasonable, may not take into account all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be prevented or detected, and we could lose investor confidence in the accuracy and completeness of our financial reports and other disclosures, which could have an adverse effect on our stock price.

The markets in which we operate include a large number of service providers and are highly competitive.

Many of our competitors are expanding the services they offer in an attempt to gain additional business. In addition, new competitors, alliances among competitors or competitors' mergers could result in significant market share gain. Some of our competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies or provide services that gain greater market acceptance than the services that we offer or develop. Large and well-capitalized competitors may be able to better respond to the need for technological changes faster, price their services more aggressively, compete for skilled professionals, finance acquisitions, fund internal growth and compete for market share. Our customers routinely negotiate for better pricing, and in order to respond to increased competition and pricing pressure, we may be required to lower our pricing structure, which would have an adverse effect on our revenues and profit margin.

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

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 business, results of operations and financial condition.

Our success is subject to the terms of our client contracts.

Most of our client contracts do not have minimum volume requirements, and the profitability of each client contract or work order may fluctuate, sometimes significantly, throughout various stages of the program. Certain contracts have performance-related bonus and/or penalty provisions which provide that the client may be required to pay us a bonus, or we may be required to issue the client a credit, based upon our meeting, or failing to meet, agreed-upon service

levels and performance metrics. Our objective is to sign multi-year contracts with our clients; however, our contracts generally allow our client to terminate the contract for convenience or to reduce the amount of our services. We cannot be assured that our clients will not terminate their contracts before their scheduled expiration date, that the volume of services for these programs will not be reduced or that we will be able to avoid penalties or earn performance bonuses. In addition, we cannot be assured that each client contract will be profitable for us or that we will be able to terminate unprofitable contracts without incurring significant liabilities.

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 77,000 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 the Company, 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.

The volatility of our stock price may result in loss of investment.

The trading price of our common shares has been and may continue to be subject to substantial fluctuations over short and long periods of time. We believe that market prices of outsourced customer contact management services stocks in general have experienced volatility, which could affect the market price of our common stock regardless of our financial results or performance. We further believe that various factors such as general economic conditions, changes or volatility in the financial markets, changing market conditions in the outsourced customer contact management services industry, quarterly variations in our financial results, the announcement of acquisitions or divestitures, strategic partnerships or new product offerings, and changes in financial estimates and recommendations by securities analysts could cause the market price of our common shares to fluctuate substantially in the future.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive offices are located at 201 East Fourth Street, Cincinnati, Ohio 45202, and the telephone number at that address is (513) 723-7000. We own our corporate headquarters facility in Cincinnati, Ohio, and office facilities in Jacksonville, Florida, Dallas, Texas, Pueblo, Colorado, Ogden, Utah and Orlando, Florida.

We lease space for offices, data centers and contact centers. Domestic facilities are located in Arizona, Colorado, Florida, Georgia, Idaho, Kansas, Kentucky, Louisiana, Missouri, Nebraska, New Mexico, North Carolina, Ohio, Oklahoma, Tennessee, Texas, Utah, Virginia and Wisconsin. International facilities are located in Brazil, Canada, China, Colombia, Costa Rica, England, Germany, India, Indonesia, Netherlands, the Philippines, Singapore, South Africa, and the United Arab Emirates. Upon the expiration or termination of any such leases, we believe we could obtain comparable office space.

We also lease some of the computer hardware, computer software and office equipment necessary to conduct our business. In addition, we own computer, communications equipment, software and leasehold improvements. We depreciate these assets using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter of their estimated useful life or the term of the associated lease.

We believe that our facilities and equipment are adequate and have sufficient productive capacity to meet our current needs.

Item 3. Legal Proceedings

The information required by Item 3 is included in Note 11 of the Notes to Consolidated Financial Statements of this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

Item 4A. Executive Officers of the Registrant

The following information responds in part to the provisions of Part III, Item 10.

As of February 21, 2013, our Executive Officers were:

Name	Age	Title
Jeffrey H. Fox ^(a)	50	Executive Chairman
Andrea J. Ayers ^(a)	49	President and Chief Executive Officer
Andre S. Valentine	49	Chief Financial Officer
Claudia L. Cline	59	Senior Vice President and General Counsel
Christine Timmins Barry	48	Senior Vice President of Global Operations

(a) Member of the Board of Directors

Officers are appointed annually, but are removable at the discretion of the Board of Directors.

JEFFREY H. FOX, Executive Chairman since November 2012; President and Chief Executive Officer 2010-2012; Principal and former Chief Executive Officer, The Circumference Group LLC, an investing and advisory company focused on technology and the telecommunications business, 2009-2010; Chief Operating Officer, Alltel Corporation, a U.S. telecommunications carrier, 2007-2008.

ANDREA J. AYERS, President and Chief Executive Officer since November 2012; President and Chief Operating Officer, Customer Management since November 2010; President, Customer Management since April 2008; President, Relationship Technology Management, 2007-2008; President, Government and New Markets, 2005-2007.

ANDRE S. VALENTINE, Chief Financial Officer since August 2012; Senior Vice President of Finance, Customer Management, 2010-2012 and 2002-2009; Senior Vice President, Contoller, 2009-2010; Vice President, Contoller, 1998-2002.

CLAUDIA L. CLINE, Senior Vice President and General Counsel since September 2012; Customer Management General Counsel, 2011 - 2012; Senior Vice President Workforce Management and Development, 2008 - 2011.

CHRISTINE TIMMINS BARRY, Senior Vice President of Global Operations since December 2012; Senior Vice President Customer Management Global Operations, 2011 - 2012; Senior Vice President, Customer Management Operations of the Americas, 2009 - 2011; Senior Vice President Global Operations, Human Resource Management, 2008 - 2009.

PART II

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

Convergys Corporation's common shares, no par value, are listed on the New York Stock Exchange under the symbol "CVG." As of January 31, 2013, there were 8,839 holders of record of the 106,256,886 common shares of Convergys, excluding amounts held in Treasury (187,846,700 outstanding common shares of Convergys, of which 81,589,814 were held in Treasury).

The high, low and closing prices of our common shares for each quarter in 2012 and 2011 are listed below:

Quarter	1 st	2 nd	3 rd	4 th
2012				
High	\$ 14.23	\$ 14.82	\$ 16.55	\$ 17.42
Low	12.13	12.40	14.33	14.68
Close	13.35	14.77	15.67	16.41
2011				
High	\$ 15.00	\$ 14.63	\$ 14.09	\$ 13.02
Low	13.17	12.27	9.01	8.49
Close	14.36	13.64	9.38	12.77

On May 8, 2012, the Company announced that its Board of Directors declared an initial quarterly cash dividend of \$0.05 per share. The initial quarterly cash dividend was paid on July 6, 2012 to all shareholders of record as of June 22, 2012. On July 26, 2012, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.05 per share, which was paid on October 5, 2012 to all shareholders of record as of September 21, 2012. On October 23, 2012, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.05 per share, which was paid on January 4, 2013 to all shareholders of record as of December 21, 2012. On February 7, 2013, the Company announced that the Board of Directors raised the quarterly dividend 20 percent to \$0.06 per share. The dividend payment of \$0.06 is scheduled to be made on April 5, 2013 to shareholders of record at the close of business on March 22, 2013. The Board expects that future cash dividends will be paid on a quarterly basis. However, any decision to pay future cash dividends will be subject to Board approval, and will depend on the Company's future earnings, cash flow, financial condition, financial covenants and other relevant factors.

We repurchased 12.3 million of our common shares for \$184.4 million during 2012, as summarized in the following table:

	Shares repurchased	Average price per share
January 2012	10,699	\$ 13.27
February 2012	51,427	12.88
March 2012	5,222	12.95
April 2012	1,181	13.19
May 2012	2,120,057	13.44
June 2012	2,742,635	14.29
July 2012	368,178	14.48
August 2012	2,012,168	15.50
September 2012	1,289,613	15.97
October 2012	1,912,391	15.92
November 2012	3,003	16.58
December 2012	1,744,440	16.18
Total	12,261,014	\$ 15.04

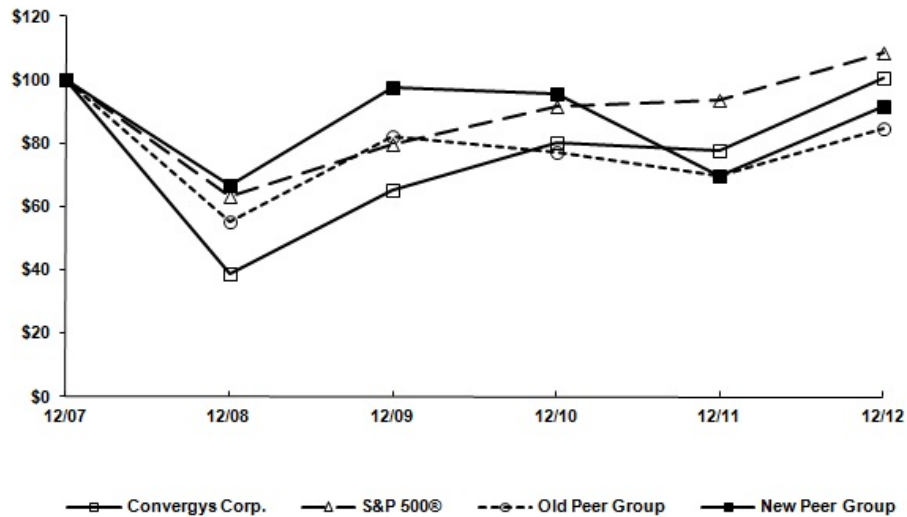
At December 31, 2012, the Company had the authority to repurchase up to an incremental \$139.4 million of outstanding common shares. In February 2013, our Board of Directors approved an increase in the remaining authorized share repurchases to \$250.0 million in the aggregate. The timing and terms of any future transactions depend on a number of considerations including market conditions and our liquidity and limits that may be applicable under the covenants in our credit agreement.

Performance Graph

The following Performance Graph compares, for the period from December 31, 2007 through December 31, 2012, the percentage change of the cumulative total shareholder return on the Company's common shares with the cumulative total return of the S&P 500 Stock Index, an Old Peer Group and a New Peer Group, based on an initial investment of \$100

on December 31, 2007, with dividends reinvested. The Old Peer Group and New Peer Group consist of our peer group companies below.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Convergys Corporation, the S&P 500 Index, Old Peer Group, and New Peer Group



*\$100 invested on 12/31/07 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12
Convergys Corporation	\$ 100.00	38.94	65.31	80.01	77.58	100.66
S&P 500	\$ 100.00	63.00	79.67	91.67	93.61	108.59
Old Peer Group	\$ 100.00	55.29	82.22	77.35	69.74	84.46
New Peer Group	\$ 100.00	66.51	97.51	95.72	69.66	91.68

The Old Peer Group consists of Amdocs Limited, Converse Technology Inc., CSG Systems International Inc., Sykes Enterprises Inc., Teleperformance and Teletch Holdings Inc.

The New Peer Group consists of Sykes Enterprises Inc., Teleperformance and Teletch Holdings Inc. Changes in the peer group from the prior year reflect the sale of Convergys' Information Management line of business.

Item 6. Selected Financial Data

(Amounts in Millions Except Per Share Amounts)	2012	2011	2010	2009	2008
Results of Operations					
Revenues	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3	\$ 1,986.7	\$ 1,954.8
Costs and expenses ^{(1) (2)}	1,966.4	1,823.1	2,017.2	1,942.6	1,957.9
Operating income (loss)	38.6	110.1	(153.9)	44.1	(3.1)
Earnings and gain from Cellular Partnerships, net	—	285.2	47.2	41.0	35.7
Other income (expense), net	4.3	9.8	8.9	(17.2)	16.2
Interest expense	(13.6)	(16.1)	(19.5)	(28.9)	(22.5)
Income (loss) before income taxes	29.3	389.0	(117.3)	39.0	26.3
Income tax expense (benefit)	1.1	106.5	(7.5)	(1.9)	(13.3)
Income (loss) from continuing operations	28.2	282.5	(109.8)	40.9	39.6
Income (loss) from discontinued operations ⁽⁵⁾	72.4	52.3	56.6	(118.2)	(132.5)
Net income (loss)	\$ 100.6	\$ 334.8	\$ (53.2)	\$ (77.3)	\$ (92.9)
Basic Earnings (Loss) per share:					
Continuing Operations	\$ 0.25	\$ 2.35	\$ (0.89)	\$ 0.33	\$ 0.32
Discontinued Operations	0.65	0.44	0.46	(0.96)	(1.07)
Net basic earnings (loss) per share	\$ 0.90	\$ 2.79	\$ (0.43)	\$ (0.63)	\$ (0.75)
Diluted Earnings (Loss) per share:					
Continuing Operations	\$ 0.24	\$ 2.30	\$ (0.89)	\$ 0.33	\$ 0.31
Discontinued Operations	0.62	0.42	0.46	(0.95)	(1.05)
Net diluted earnings (loss) per share	\$ 0.86	\$ 2.72	\$ (0.43)	\$ (0.62)	\$ (0.74)
Weighted average common shares outstanding:					
Basic	112.2	120.2	123.1	122.8	123.5
Diluted	117.1	122.9	123.1	124.9	125.8
Financial Position					
Total assets	\$ 2,037.9	\$ 2,330.8	\$ 2,125.3	\$ 2,605.8	\$ 2,894.3
Total debt and capital lease obligations	60.6	127.1	210.2	465.9	660.7
Shareholders' equity	1,371.9	1,411.5	1,184.1	1,206.4	1,150.1
Other Data					
Net cash flows from operating activities					
Operating activities of continuing operations	\$ 103.9	\$ 161.4	\$ 179.2	\$ 268.4	\$ 54.3
Operating activities of discontinued operations	9.1	35.2	15.0	36.3	177.2
	\$ 113.0	\$ 196.6	\$ 194.2	\$ 304.7	\$ 231.5
Net cash flows provided by (used in) investing activities					
Investing activities of continuing operations	\$ (162.7)	\$ 235.6	\$ (63.0)	\$ (63.1)	\$ (362.7)
Investing activities of discontinued operations	425.3	(13.5)	63.7	(14.9)	(41.6)
	\$ 262.6	\$ 222.1	\$ 0.7	\$ (78.0)	\$ (404.3)
Net cash flows (used in) provided by financing activities					
Financing activities of continuing operations	\$ (242.6)	\$ (183.0)	\$ (336.9)	\$ (133.4)	\$ 287.6

Financing activities of discontinued operations	(0.1)	—	(3.6)	(1.6)	4.9
	\$ (242.7)	\$ (183.0)	\$ (340.5)	\$ (135.0)	292.5
Free cash flow ⁽³⁾	\$ 8.4	\$ 108.3	\$ 127.9	\$ 229.8	139.4
EBITDA ⁽⁴⁾	\$ 131.6	\$ 488.8	\$ (2.5)	\$ 168.1	141.8

(1) Costs and expenses include restructuring charges of \$11.6, \$1.2, \$28.7, \$12.9 and \$14.2 in 2012, 2011, 2010, 2009 and 2008, respectively.

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and asset impairment charges of \$88.6 and \$181.1 in 2012 and 2010, respectively.

- (2) Costs and expenses also include \$8.8, \$23.6, \$28.4, \$38.6 and \$51.8 in 2012, 2011, 2010, 2009 and 2008, respectively, of certain costs previously allocated to the Information Management segment, and \$9.1, \$32.1 and \$26.5 in 2010, 2009 and 2008, respectively, of certain costs previously allocated to the HR Management segment, that do not qualify as discontinued operations and are reported as costs from continuing operations. The Company took actions to reduce these costs and earned transition service revenues, resulting from services being provided to the buyers subsequent to completion of the sale of Information Management and HR Management, to offset these costs.
- (3) Free cash flow is not defined under accounting principles generally accepted in United States (U.S. GAAP) and is calculated as cash flows from operations less capital expenditures (net of proceeds from disposal). The Company uses free cash flow to assess the financial performance of the Company. Convergys' Management 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 repay the Company's debt obligations and to repurchase the Company's common shares. 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 using 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. For more detail and a reconciliation of cash flows from operations to free cash flows, see the "Financial Condition, Liquidity and Capital Resources" section in Part 2, Item 7 of this report.
- (4) EBITDA is not defined under U.S. GAAP and is calculated as income from continuing operations plus tax expense, interest expense, depreciation and amortization. The Company uses EBITDA to monitor and evaluate the performance of the business and believes the presentation of this measure will enhance the investors' ability to analyze trends in the business and evaluate the Company's underlying performance relative to other companies in the industry. The Company also utilizes EBITDA in the calculations for certain employee incentive compensation plans. EBITDA should not be considered in isolation or as a substitute for income from continuing operations, net of tax or other income statement data prepared in accordance with U.S. GAAP and our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies. Management uses the non-GAAP measure, EBITDA, and the U.S. GAAP measure, income from continuing operations, net of tax, in evaluation of its underlying performance. There are no material purposes for which we use the non-GAAP measure beyond the purposes described above. The non-GAAP measure should be considered supplemental in nature and should not be considered in isolation or be construed as being more important than comparable GAAP measures. For more detail and reconciliation of income from continuing operations, net of tax, to EBITDA, see the "Financial Condition, Liquidity and Capital Resources" section in Part 2, Item 7 of this report.
- (5) Discontinued operations includes the historical financial results of the Information Management business and the HR Management line of business, excluding certain costs referred to in note 2, above, that did not meet the criteria for such presentation.

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

(Amounts in Millions Except Per Share Amounts)

Overview

Convergys Corporation (we, the Company or Convergys) is a global leader in customer management, focused on bringing value to our clients through every customer interaction. Over half of the Fortune 50 companies trust us to care for their most important asset: their customers. Our business model allows us to deliver consistent, quality service, at the scale and in the geographies that meet our clients' business needs and pro-actively partner to solve client business challenges through our account management model. We leverage our breadth and depth of capabilities to help leading companies create quality customer experiences across multiple channels, while increasing revenue and reducing their cost to serve.

In 2010, we completed the sale of Human Resources Management (HR Management) line of business to NorthgateArinso for \$78.0 in cash as well as a zero coupon note in the principal amount of \$15.0, which has a balance of approximately \$10 at December 31, 2012. As a result of the sale of the HR Management line of business, the operating results related to HR Management have been reflected as discontinued operations. The total gain on the sale of HR Management amounted to \$35.2 pretax and \$5.6 net of taxes at December 31, 2010. Subsequently, in 2011, a \$6.5 reduction to the tax on the gain on this transaction was recorded and has been reflected as discontinued operations.

Prior to May 2012, we had two reportable segments, Customer Management and Information Management. In March 2012, we signed a definitive agreement to sell the Information Management business to NEC Corporation for \$449.0 in cash. The sale closed in May 2012, for which we received \$462.6 in cash, including \$12.9 for working capital adjustments. As a result of the sale of the Information Management business, the operating results and related assets and liabilities of Information Management have been reflected as discontinued operations for all periods presented. The total gain on the sale of the Information Management business amounted to \$99.8 pretax, and \$16.2 net of taxes at December 31, 2012.

As a result of the change in classification of the Information Management business to discontinued operations, the change in our Chief Executive Officer in the fourth quarter, and in order to reflect the internal financial reporting structure and operating focus of our new management team and chief operating decision maker, we report operating results and assets and liabilities as a single segment on a consolidated basis. Segment information for previous periods has been reclassified to conform to the current reporting structure.

Convergys delivers more than 4 billion customer contacts per year. We have approximately 77,000 employees in over 70 locations across the globe and in our work-at-home environment. We provide multilingual, multichannel customer care with a global service delivery infrastructure that operates 24 hours a day, 365 days a year. Our clients benefit from our worldwide workforce located in the U.S., Canada, Latin America, Europe, India, and the Philippines.

Agent-related revenues, which account for approximately 90% of revenues for 2012, are typically recognized as services are performed based on staffing hours or the number of contacts handled by service agents using contractual rates. Remaining revenues are derived from the sale of premise-based and hosted automated self-care and technology solutions and provision of professional services. Revenues from the sale of these solutions and provision of services are typically recognized as services are provided over the duration of the contract using contractual rates.

As more fully described below, revenues increased 4% from the prior year to \$2,005.0. Operating income and operating margin were \$38.6 and 1.9%, respectively, in 2012, compared to \$110.1 and 5.7%, respectively, in 2011.

Results of Operations

Revenues

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Revenues:					
Communications	\$ 1,205.4	\$ 1,147.6	5	\$ 1,053.8	9
Technology	172.7	170.0	2	147.5	15
Financial Services	203.3	208.0	(2)	241.5	(14)
Other	423.6	407.6	4	420.5	(3)
Total Revenues	\$ 2,005.0	\$ 1,933.2	4	\$ 1,863.3	4

2012 vs. 2011

Consolidated revenues for 2012 were \$2,005.0 compared to \$1,933.2 in 2011. Revenues from communications clients increased 5% from 2011, reflecting volume increases with several large clients. Revenues from technology clients increased 2% from 2011 due to volume increases from existing and new clients partially offset by program completions with one client. Revenues from financial services clients decreased 2% from 2011, primarily reflecting program completions, including client migrations from legacy technology offerings, partially offset by revenue from a new client. Other revenues, which are comprised of clients outside the Company's three largest industries, increased 4% from 2011 due to volume increases and new programs with existing clients, partially offset by program completions. Other revenues for 2012 also include \$13.8 of transition services revenues earned under agreements with NEC Corporation related to the sale of the Information Management business. The transition services agreements vary in duration up to 24 months depending on the type of service provided, and our expectation is that we will substantially eliminate the underlying costs as the transition services are completed. Other revenues for 2011 also include \$14.4 of transition services revenue earned under agreements with NorthgateArinso that expired in 2011 related to the sale of the HR Management business.

2011 vs. 2010

Consolidated revenues for 2011 were \$1,933.2 compared to \$1,863.3 in 2010. Revenues from communications clients increased 9% from 2010 reflecting higher volumes with several clients. Revenues from technology clients increased 15% from 2010 due to new projects with existing and new clients. Revenues from financial services clients decreased 14% from 2010, primarily reflecting volume reductions and program completions, including client migrations from legacy technology offerings. Other revenues, which are comprised of clients outside the Company's three largest industries, decreased 3% from 2010, primarily attributable to the completion of a short-term program for the U.S. Census Bureau in 2010, offset by revenue earned from new projects with existing clients and new clients. Other revenues in 2011 also includes \$14.4 of revenue earned under transition services agreements with NorthgateArinso subsequent to the sale of HR Management compared to \$24.0 in the prior year.

Operating Costs and Expenses

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Costs and Expenses:					
Cost of providing services and products sold	\$ 1,289.5	\$ 1,240.4	4	\$ 1,157.8	7
Selling, general and administrative expenses	477.2	483.8	(1)	536.3	(10)
Research and development costs	10.8	14.0	(23)	18.0	(22)
Depreciation	82.4	76.3	8	87.6	(13)
Amortization	6.3	7.4	(15)	7.7	(4)
Restructuring charges	11.6	1.2	867	28.7	(96)
Asset impairment	88.6	—	100	181.1	NM
Total costs and expenses	\$ 1,966.4	\$ 1,823.1	8	\$ 2,017.2	(10)

2012 vs. 2011

Consolidated total operating costs and expenses for 2012 of \$1,966.4 increased 8% from \$1,823.1 in 2011, primarily

due to \$88.6 non-cash impairment charges, consisting of \$46.0 for the impairment of goodwill in the Customer Interaction Technology (CIT) reporting unit, and \$42.6 for the impairment of certain facilities classified as held for sale. We also recognized \$11.6 in restructuring charges and net \$4.1 pension and other post employment benefit plan charges during 2012 as a result of changes in the executive management team, and a high level of pension-related payments due to the sale of the Information Management business and completion of the corporate simplification process. Operating results for 2011 include \$5 of insurance recoveries in excess of costs incurred, partially offset by the impact of a client bankruptcy.

As discussed above, in May 2012, we completed the sale of the Information Management business and, accordingly, the operating results are presented within discontinued operations. Accounting rules require certain costs previously allocated to the Information Management business to be included in continuing operations. These costs were \$8.8 in 2012 compared with \$23.6 in 2011. These amounts are included within selling, general and administrative expenses within continuing operations. We are taking actions to reduce these costs and expect remaining costs to be significantly offset by revenue resulting from transition services to be provided to the buyer.

As a percentage of revenues, the cost of providing services and products sold was 64.3% in 2012 compared to 64.2% in the prior year. Selling, general and administrative expenses of \$477.2 decreased 1% from the prior year. As a percentage of revenues, selling, general and administrative expenses were 23.8% in 2012 compared to 25.0% in 2011 as a result of cost reductions previously taken, continued efforts to control costs, and the Information Management related costs discussed above, partially offset by net pension and other post employment benefit plan charges in 2012 and net insurance recoveries in 2011. Research and development costs of \$10.8 decreased \$3.2 from 2011 due to reductions in headcount. Depreciation expense of \$82.4 increased \$6.1 from the prior year reflecting an increase in capital expenditures related to increased capacity.

We recorded \$11.6 of restructuring charges in 2012, reflecting the change in the Company's executive management team and further corporate simplification. Additionally, we initiated an incremental restructuring plan in 2011 resulting in a \$1.2 severance charge largely to reduce headcount and align resources to future business needs. See additional information under the "Restructuring Charges" heading below for the 2012 and 2011 plans.

2011 vs. 2010

Consolidated total operating costs and expenses for 2011 of \$1,823.1 decreased 10% from \$2,017.2 in 2010. The operating results for 2010 include the impact of \$181.1 asset impairment charges in the CIT reporting unit, consisting of \$166.5 goodwill impairment and \$14.6 property, plant and equipment impairment classified as held-for-sale at December 31, 2010. Operating results for 2010 also include restructuring charges of \$28.7, \$6.4 of net post-employment benefit plan charges, \$7.6 of severance and other transition costs associated with the change in the CEO of the Company in February 2010, \$28.4 of Information Management related costs that did not qualify for reporting as discontinued operations, and \$9.1 of HR Management related costs that did not qualify for reporting as discontinued operations. Operating results for 2011 include \$23.6 of Information Management costs that did not qualify for reporting as discontinued operations and \$5 of insurance recoveries in excess of costs incurred, partially offset by the negative impact of a client bankruptcy. The transition services revenue noted above offsets the continuing HR Management related costs. We have substantially eliminated the underlying costs as the transition services were completed.

As a percentage of revenues, the cost of providing services and products sold was 64.2% in 2011 compared to 62.1% in the prior year, reflecting our investment in new programs expected to deliver future revenue. Selling, general and administrative expenses of \$483.8 decreased 10% from the prior year. As a percentage of revenues, selling, general and administrative expenses were 25.0% in 2011 compared to 28.8% in 2010 as a result of cost reduction actions previously taken, HR Management related costs not qualifying as discontinued operations in 2010, pension settlement charges in 2010, transition costs associated with the change in our CEO in 2010 and net insurance recoveries in 2011. The 22% decrease in research and development costs compared to the prior year primarily reflects reductions in headcount. Compared to the prior year, the \$11.3 decrease in depreciation expense reflects a lower depreciable asset base.

As discussed in more detail below under the heading "Restructuring Charges," during 2011 we initiated an incremental restructuring plan resulting in a \$1.2 severance charge largely to reduce headcount and align resources to future business needs. In addition, we recorded a restructuring charge of \$28.7 during 2010 mostly related to the realignment of resources, including headcount and facilities, to expected revenues and the sale of the HR Management business.

Operating Income and Adjusted Operating Income (a non-GAAP measure)

In order to assess the underlying operational performance of the continuing operations of the business we provide the non-GAAP measure, Adjusted Operating Income in the table below that excludes the following:

1. Asset impairment charges of \$88.6 in 2012, including \$46.0 for impairment of goodwill of the CIT reporting unit and \$42.6 for impairment of facilities classified as held for sale as discussed in Note 6 of the Notes to Consolidated Financial Statements, as well as asset impairment charges of \$181.1 in 2010;
2. Restructuring charges resulting from the sale of the Information Management business of \$6.4 as discussed in Note 8 of the Notes to Consolidated Financial Statements in 2012, as well as restructuring charges of \$28.7 in 2010;
3. Net pension and other post employment benefit plan curtailment benefit of \$4.1 in 2012, consisting of \$4.1 of curtailment credits from pension and other post employment benefit plans as discussed in Note 9 of the Notes to Consolidated Financial Statements, \$1.4 of post-retirement benefit costs related to the changes in the executive management team, and \$6.8 pension settlement charge due to elevated payouts as a result of the sale of the Information Management business, as well as net pension and other post employment benefit charges in 2010, consisting of a pension settlement charge of \$6.8 and a Supplemental Executive Retirement Plan (SERP) curtailment benefit of \$0.4;
4. Certain costs previously allocated to the Information Management business that are now included in continuing operations as discussed below and in more detail in Note 3 of the Notes to Consolidated Financial Statements (these costs were \$8.8, \$23.6 and \$28.4 in 2012, 2011 and 2010, respectively);
5. Certain costs previously allocated to the HR Management business that are now included in continuing operations as discussed below and in more detail in Note 3 of the Notes to Consolidated Financial Statements; these costs were \$9.1 in 2010, and;
6. Severance and other transition costs associated with the change in the CEO of the Company in February 2010, which resulted in a negative impact to 2010 results from continuing operations of \$7.6.

We use operating income excluding the above items to assess the underlying operational performance of the continuing operations of the business for the year and to have a basis to compare underlying results to prior and future periods. Adjustments for these items are relevant in evaluating the overall performance of the business. Limitations associated with the use of this non-GAAP measure includes that this measure does not include all of the amounts associated with our results as determined in accordance with GAAP. Management compensates for this limitation by using the non-GAAP measure, operating income excluding these items, and the GAAP measure, operating income, in its evaluation of performance. There are no material purposes for which we use this non-GAAP measures beyond those described above.

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Operating income (loss)	\$ 38.6	\$ 110.1	(65)	\$ (153.9)	NM
<i>Operating Margin</i>	1.9%	5.7%		8.2%	
Restructuring	6.4	—	NM	28.7	NM
Asset impairment	88.6	—	NM	181.1	NM
Net pension and other post employment benefit plan charges	4.1	—	NM	6.4	NM
CEO transition costs	—	—	NM	7.6	NM
Information Management costs not qualifying as discontinued operations	8.8	23.6	(63)	28.4	(17)
HR Management costs not qualifying as discontinued operations	—	—	NM	9.1	NM
Adjusted Operating Income (a non-GAAP measure)	\$ 146.5	\$ 133.7	10	\$ 107.4	24
<i>Adjusted Operating Margin</i>	7.3%	6.9%		5.8%	

2012 vs. 2011

Consolidated Convergys operating income was \$38.6 in 2012 compared to \$110.1 in 2011 primarily as a result of the non-cash impairment charge. Excluding the Corporate restructuring charge, asset impairment charge, net pension and other post employment benefit plan charges, and the Information Management related costs, consolidated operating income for 2012 was \$146.5 compared to \$133.7 in 2011.

2011 vs. 2010

Operating income for 2011 was \$110.1 compared to operating loss of \$153.9 in the prior year, primarily as a result of the asset impairment charges in 2010. Excluding the Information Management related costs in 2011, and excluding the asset impairment charges, restructuring charges, net pension settlement charges, transition costs associated with the change in the CEO, and Information Management and HR Management related costs in 2010, consolidated operating income for 2011 was \$133.7 compared to \$107.4 in 2010.

Non-operating items

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Operating Income (loss)	\$ 38.6	\$ 110.1	(65)	\$ (153.9)	NM
Earnings and gain from Cellular Partnerships, net	—	285.2	NM	47.2	NM
Other income (expense), net	4.3	9.8	(56)	8.9	10
Interest expense	(13.6)	(16.1)	(16)	(19.5)	(17)
Income (loss) before income taxes	\$ 29.3	\$ 389.0	(92)	\$ (117.3)	NM

2012 vs. 2011

Consolidated results for 2011 include a pre-tax gain of \$265.0, \$171.8 net of tax, from the sale of our investment in the Cellular Partnerships, comprised of our 33.8% interest in Cincinnati SMSA Limited Partnership and our 45.0% interest in the Cincinnati SMSA Tower Holdings, LLC, to AT&T, the general partner and a limited partner in both partnerships. Upon the close of the sale on July 1, 2011, we received cash proceeds of \$320. We recorded income from our investment in the Cellular Partnerships of \$20.2 in 2011 prior to the sale.

Other income of \$4.3 in 2012 was due to income from our short-term investments and foreign exchange transaction gains. Other income of \$9.8 in 2011 was primarily due to a pre-tax gain of \$7.0 on the sale of the Finance and Accounting line of business and foreign exchange transaction gains. The foreign exchange gains and losses arise from transactions denominated in a currency other than the functional currency. As discussed in further detail in the section titled "Market Risk," we periodically enter into forward exchange contracts to protect the Company against these foreign currency exposures. The gains and losses from these forward exchange contracts related to balance sheet positions are reported within other income (expense), net. Interest expense of \$13.6 includes \$1.1 of incremental interest expense related to the purchase of the Orlando facility which was partially offset by the lower level of debt outstanding throughout 2012.

2011 vs. 2010

During 2011, we recognized a pre-tax gain of \$265.0, \$171.8 net of tax, on the sale of our investment in the Cellular Partnerships, as discussed above. We also recorded income from our investment in the Cellular Partnerships of \$20.2 in 2011 prior to the sale compared to \$47.2 for the full year in 2010.

Other income of \$9.8 was primarily due to a pre-tax gain of \$7.0 on the sale of the Finance and Accounting outsourcing line of business and foreign exchange transaction gains during 2011. Other income of \$8.9 in 2010 includes the benefit of a \$14.9 reduction to a non-operating accrual as well as foreign exchange transaction losses. Interest expense improved to \$16.1 from \$19.5 in the prior year reflecting a lower level of debt outstanding during the course of the year.

Income Taxes

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Income (loss) before income taxes	\$ 29.3	\$ 389.0	(92)	\$ (117.3)	NM
Income tax expense	1.1	106.5	(99)	(7.5)	NM
Income (loss) from continuing operations, net of tax	\$ 28.2	\$ 282.5	(90)	\$ (109.8)	NM

2012 vs. 2011

Our effective tax rate on net income from continuing operations was 3.8% in 2012 compared to 27.4% in 2011. The lower effective tax rate in the current year is primarily due to a shift in the geographical mix of worldwide income which was partially offset by the non-deductibility of goodwill impairments and the impact of internal restructurings. Prior year tax expense includes \$93.2 expense from the sale of our interests in the Cellular Partnerships and \$17.0 of net tax benefits from international transactions and certain other discrete items.

Prior to March 31, 2011, we were under a tax holiday in India . The impact of this expiration of this holiday was mitigated by expansion in other jurisdictions with lower tax rates. See Note 14 of the Notes to Consolidated Financial Statements for further discussion related to effective tax rates.

2011 vs. 2010

Our effective tax rate on net income from continuing operations was 27.4% in 2011, which includes tax expense of \$93.2 from the sale of our interests in the Cellular Partnership and \$17.0 of net tax benefits from international transactions and certain other discrete items. Our effective tax rate on net income from continuing operations was 6.4% in 2010 due to the geographical mix of worldwide income which was partially offset by the impairment of assets with a significantly lower tax basis than book basis.

Net Income from Continuing Operations and Earnings per Diluted Share from Continuing Operations and Adjusted Net Income from Continuing Operating and Adjusted Earnings per Diluted Share from Continuing Operations (non-GAAP measures)

In order to assess the underlying operational performance of the continuing operations of the business, we provide non-GAAP measures in the tables below that exclude, in addition to the operating charges discussed above, the following:

1. The gain on the sale of our interests in the Cellular Partnerships of \$265.0 in 2011;
2. The gain on the sale of the Finance and Accounting outsourcing line of business of \$7.0 in 2011, reported within other income (expense), net;
3. For comparability to current period results, income from our investment in the Cellular Partnerships of \$20.2 and \$47.2 for 2011 and 2010, respectively;
4. Net tax benefits from international transactions, including certain discrete items, of \$6.7 and \$17.0 in 2012 and 2011, respectively;
5. Incremental interest expense of \$1.1 related to the purchase of the Orlando facility for 2012, and;
6. A reduction of non-operating accruals by \$14.9 during 2010, which is reported within other income (expense) net.

We use income from continuing operations, net of tax and earnings per share data excluding the above items to assess the underlying operational performance of the continuing operations of the business for the year and to have a basis to compare underlying results to prior and future periods. Adjustments for these items are relevant in evaluating the overall performance of the business. Limitations associated with the use of these non-GAAP measures include that these measures do not include all of the amounts associated with our results as determined in accordance with GAAP. Management compensates for these limitations by using the non-GAAP measures, operating income, income from continuing operations, net of tax and diluted earnings per share excluding these items, and the GAAP measures, operating income, income from continuing operations, net of tax and diluted earnings per share, in its evaluation of performance. There are no material purposes for which we use these non-GAAP measures beyond those described above.

Net charges on a per share basis include an adjustment to Diluted EPS utilizing diluted shares outstanding of 125.5

for December 31, 2010. Given that the Company recorded a loss from continuing operations under U.S. GAAP, shares outstanding utilized to calculate Diluted EPS from continuing operations are equivalent to basic shares outstanding. Shares outstanding utilized to calculate Adjusted Diluted EPS from continuing operations reflect the number of diluted shares the Company would have reported if reporting net income from continuing operations under U.S. GAAP.

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Income (loss) from continuing operations, net of tax	\$ 28.2	\$ 282.5	(90)	\$ (109.8)	NM
Total operating charges from above, net of tax	84.5	15.7	NM	221.6	NM
Earnings from Cellular Partnerships of \$20.2 and \$47.2 for 2011 and 2010, net of tax	—	(13.1)	NM	(30.7)	(57)
Gain on sale of interests in Cellular Partnerships, net of tax	—	(171.8)	NM	—	NM
Gain on sale of F&A line of business of \$7.0 for 2011, net of tax	—	(4.3)	NM	—	NM
Debt reduction costs of \$1.1 for 2012, net of tax	0.7	—	NM	—	NM
Adjustment of tax to normalized rate	(6.7)	(17.0)	(61)	—	NM
Non-operating reserve reduction of \$14.9, net of tax	—	—	NM	(9.3)	NM
Adjusted income from continuing operations, net of tax (a non-GAAP measure)	\$ 106.7	\$ 92.0	16	\$ 71.8	28

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Diluted Earnings (Loss) per Common Share:					
Continuing Operations	\$ 0.24	\$ 2.30	(90)	\$ (0.89)	NM
Impact of net charges above included in continuing operations, net of tax	0.67	(1.55)	(143)	1.46	NM
Adjusted diluted earnings per common share from continuing operations (a non-GAAP measure)	\$ 0.91	\$ 0.75	21	\$ 0.57	32

2012 vs. 2011

As a result of the above, income from continuing operations for 2012 was \$28.2 compared to \$282.5 in 2011. Therefore, income from continuing operations per diluted share for 2012 was \$0.24 compared to \$2.30 in 2011. Excluding the asset impairment charge, Corporate restructuring, net pension and post employment charge, incremental interest on debt reduction, net tax benefits from certain discrete items and other Information Management-related charges in 2012, and excluding the gain on the sale of our interests in the Cellular Partnerships, the gain on the sale of the Finance and Accounting outsourcing line of business, earnings from our investments in the Cellular Partnership, Information Management related charges and net tax benefits from international transactions, including discrete items during 2011, income from continuing operations for 2012 was \$106.7, or \$0.91 per diluted share, compared to \$92.0, or \$0.75 per diluted share for 2011.

2011 vs. 2010

As a result of the factors above, the 2011 net income from continuing operations and diluted earnings per share from continuing operations were \$282.5 and \$2.30, respectively, compared with net loss from continuing operations and diluted loss per share from continuing operations of \$109.8 and \$0.89, respectively, in the prior year. Excluding the gain on the sale of our interests in the Cellular Partnerships, the gain on the sale of the Finance and Accounting outsourcing line of business, earnings from our investment in the Cellular Partnerships, Information Management related charges and net tax benefits from international transactions, including discrete items, during 2011, income from continuing operations for 2011 was \$92.0, or \$0.75 per diluted share. Excluding asset impairment charges, earnings from our investment in the Cellular Partnerships, restructuring charges, Information Management and HR Management related impacts, severance and other transition costs associated with the change in CEO of the Company, net pension and other post employment charges and a reduction of non-operating accruals, income from continuing operations was \$71.8, or \$0.57 per diluted share for 2010.

Results of Discontinued Operations, Results of Discontinued Operations per Diluted Share, Net Income and Net Income per Diluted Share

	2012	2011	% Change 12 vs. 11	2010	% Change 11 vs. 10
Income (loss) from continuing operations, net of tax	\$ 28.2	\$ 282.5	(90)	\$ (109.8)	NM
Income from discontinued operations, net of tax expense of \$51.1, \$5.9 and \$63.2	72.4	52.3	38	56.6	(8)
Net Income (Loss)	\$ 100.6	\$ 334.8	NM	\$ (53.2)	NM
Diluted Earnings (Loss) Per Common Share:					
Continuing Operations	\$ 0.24	\$ 2.30	(90)	\$ (0.89)	NM
Discontinued Operations	0.62	0.42	48	0.46	(9)
Net Diluted Earnings (Loss) Per Common Share	\$ 0.86	\$ 2.72	NM	\$ (0.43)	NM

2012 vs. 2011

The results from discontinued operations reflect the operating results of the Information Management business as well as tax benefits associated with changes in uncertain tax positions related to other previously divested businesses. Revenues from discontinued operations were \$128.8 and \$328.8 in 2012 and 2011, respectively. The \$72.4 income from discontinued operations, net of tax, recognized in 2012 reflects income before tax of \$23.7 from operating activities of the Information Management business prior to the sale, net tax benefits from operations of divested benefits of \$32.5, and a \$16.2 gain, net of \$83.6 of tax, on the sale of the Information Management business. The results of operations for 2011 include a \$6.5 tax benefit related to the HR Management business sold in 2010. Income from discontinued operations, net of tax, per diluted share for 2012 and 2011 was \$0.62 and \$0.42, respectively.

Including the results of discontinued operations, 2012 net income and earnings per diluted share were \$100.6 and \$0.86 , respectively, compared to \$334.8 and \$2.72, respectively, in 2011.

2011 vs. 2010

The results from discontinued operations reflect the operating results of the Information Management and HR Management businesses. Revenues from discontinued operations were \$328.8 and \$340.1 in 2011 and 2010, respectively, related to the Information Management business, and \$107.2 in 2010 related to the HR Management business. The \$52.3 income from discontinued operations, net of tax, recognized in 2011 reflects income, net of tax, of \$45.8 from the Information Management business and a \$6.5 tax benefit related to the sale of the HR Management business. The \$63.8 income from discontinued operations, net of tax, recognized during 2010 reflects income, net of tax, of \$42.3 from the Information Management business, \$15.9 from operating activities of the HR Management business prior to completion of the sale as well as a gain of \$5.6, net of \$29.6 tax, on the sale of the HR Management business. Income from discontinued operations, net of tax, per diluted share for 2011 and 2010 was \$0.42 and \$0.46, respectively.

Total 2011 net income and earnings per diluted share were \$334.8 and \$2.72, respectively, compared with net loss and loss per diluted share of \$53.2 and \$0.43, respectively, in the prior year.

EBITDA and Adjusted EBITDA (Non-GAAP Measures)

Management uses EBITDA and adjusted EBITDA, excluding the operating and non-operating items discussed above, to monitor and evaluate the performance of the business and believes the presentation of these measures will enhance investors' ability to analyze trends in the business and evaluate the Company's underlying performance relative to other companies in the industry. The Company also uses EBITDA and Adjusted EBITDA in the calculations for certain employee incentive compensation plans. Adjusted EBITDA should not be considered in isolation or as a substitute for income from continuing operations, net of tax, or other income statement data prepared in accordance with GAAP and our presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies. Management uses both the non-GAAP measure, adjusted EBITDA, and the GAAP measure, income from continuing operations, net of tax, in its evaluation of underlying performance. There are no material purposes for which we use this non-GAAP measure beyond the purposes described above. This non-GAAP measure should be considered supplemental in nature and should not be construed as being more important than comparable GAAP measures.

	2012	2011	2010
Income (Loss) from Continuing Operations, net of tax	\$ 28.2	\$ 282.5	\$ (109.8)
Depreciation and Amortization	88.7	83.7	95.3
Interest expense	13.6	16.1	19.5
Income tax expense	1.1	106.5	(7.5)
EBITDA (a non-GAAP measure)	131.6	488.8	(2.5)
Asset impairment charges	88.6	—	181.1
Earnings from investment in Cellular Partnerships, net	—	(20.2)	(47.2)
Gain on sale of interests in Cellular Partnerships	—	(265.0)	—
Gain on sale of Finance and Accounting outsourcing line of business	—	(7.0)	—
Restructuring charges	6.4	—	28.7
Information Management related costs not qualifying as Discontinued Operations	8.8	23.6	28.4
HR Management related costs not qualifying as Discontinued Operations	—	—	9.1
CEO transition costs	—	—	7.6
Net pension and other post employment benefit plan charges	4.1	—	6.4
Non-operating reserve reduction	—	—	(14.9)
Adjusted EBITDA (a non-GAAP measure)	\$ 239.5	\$ 220.2	\$ 196.7
<i>Adjusted EBITDA Margin</i>	<i>11.9%</i>	<i>11.4%</i>	<i>10.6%</i>

Restructuring Charges

As discussed in Note 8 of the Notes to Consolidated Financial Statements, we recorded the following restructuring charges:

2012 Restructuring

During 2012, the Company recorded restructuring charges of \$11.6, consisting of \$11.4 of severance-related charges and \$0.2 of facility-related charges, as described below. The \$11.4 of severance-related charges is expected to impact approximately 100 professional employees and reflects the changes in the Company's executive management team and realignment of Corporate overhead as a result of the sale of the Information Management business. These severance-related charges are expected to be substantially paid in cash by March 31, 2013 pursuant to the Company's severance policies. The total remaining liability under this severance-related plan, which is included within Payables and other current liabilities on the Company's Consolidated Balance Sheets was \$5.2 at December 31, 2012.

2011 Restructuring

During 2011, we initiated operational changes that resulted in severance costs of \$1.2 largely to reduce headcount and align resources to future business needs. Severance actions impacted approximately 50 professional employees worldwide and charges were largely paid in cash pursuant to our existing severance policy and employment agreements. These actions were substantially completed by the end of 2011. The liability under this plan was fully settled at December 31, 2012.

2010 Restructuring

During 2010, we initiated a restructuring plan and incurred a total charge of \$28.7, consisting of \$19.4 of severance-related charges and \$9.3 of facility-related charges. The \$19.4 of severance-related charges were largely to reduce headcount and align resources to business needs and to further simplify operations to reflect the impact of the sale of the HR Management line of business. The full-year severance charge of \$19.4 was largely paid in cash pursuant to our existing severance policy and employment agreements. These actions affected approximately 1,000 professional employees and approximately 1,400 non-salaried employees worldwide and were substantially completed by December 31, 2011. The facility-related charge of \$9.3 relates to lease rent accruals and penalties for properties that have closed as the result of consolidating facilities and shifting capacity. The charge is equal to the future costs associated with the facility, net of proceeds from any probable future sublease agreements. We used estimates, based

on consultation with our real estate advisors, to determine the proceeds from any future sublease agreements. We will continue to evaluate these estimates in recording the facilities abandonment charge. Consequently, there may be additional reversals or charges related to this facility closure in the future. Therefore, the Company reviews the facility-related reserves on a facility basis rather than a restructuring charge basis. The liability under this plan was fully settled at December 31, 2012.

Savings from Restructuring Plans

The 2012 severance actions are expected to result in cost reductions in excess of \$10 on an annualized basis when complete. The severance actions from the 2010 and 2011 plans resulted in cost reductions in excess of \$55 on an annualized basis, largely included in 2012 results. The impact of these benefits will be spread across our operating expenses, particularly within the selling, general and administrative expenses and cost of providing services and products sold captions of our Consolidated Statements of Income. When completed, the severance actions, in total, are also expected to result in cash savings in excess of \$55 on an annualized basis. We do not believe that the impact on our overall liquidity is material.

Facilities Restructuring

During 2012, the Company recognized \$0.2 of incremental facility-related restructuring charges due to a change in estimate for a previously closed facility. The Company's facilities restructuring reserves are equal to the estimated present value of future costs associated with the facilities, net of proceeds from any probable future sublease agreements. The Company uses estimates, based on consultation with the Company's real estate advisors, to determine the proceeds from any future sublease agreements. The Company continues to evaluate these estimates in recording the facilities abandonment charge. The remaining liability for these facilities, which is included within Payables and other current liabilities on the Company's Consolidated Balance Sheets was \$0.3 at December 31, 2012 and \$0.5 at December 31, 2011.

Client Concentration

During 2012, our three largest clients accounted for 47.8% of our consolidated revenues, compared to 47.2% and 42.1% in 2011 and 2010, respectively. AT&T, our largest client, accounted for 23.1% of our consolidated revenues in 2012 compared to 23.4% and 23.0% in 2011 and 2010 respectively. Comcast and DIRECTV are our second and third largest clients. Revenues from Comcast were 12.4% of our consolidated revenues in 2012 compared to 12.0% and 10.5% in 2011 and 2010, respectively. Revenues from DIRECTV were 12.3% of our consolidated revenues in 2012 compared to 11.8% and 8.6% in 2011 and 2010, respectively. Volumes under certain of our long-term arrangements are earned under multiple contracts with these clients and are subject to variation based on, among other things, general economic conditions, client outsourcing trends and seasonal patterns in our clients' businesses.

Business Outlook

Convergys expects continuing revenue growth and profit improvement for the full year 2013 compared with 2012 adjusted results, including:

- Total revenue to exceed \$2,045, increasing from prior year \$2,005;
- Adjusted EBITDA to exceed \$245, improving from prior year adjusted EBITDA of \$240;
- Effective tax rate to approximate 22%;
- Diluted average shares outstanding to approximate 112, compared with prior year average of 117 shares;
- EPS to exceed \$1.00, improving from prior year adjusted EPS of \$0.91, and;
- Free cash flow to approximate adjusted net income.

The Company expects second-half 2013 results to exceed first-half 2013 results.

Not included in this outlook is the impact of any future strategic acquisitions or share repurchase activities. Also not included in this guidance are results classified within discontinued operations, including the impact of the sale of the Information Management business as well as other costs that may be incurred related to, or as a result of, the transaction. Costs that may be incurred as a result of the transaction include an expected 2013 pension settlement charge.

To provide a relevant comparison of 2013 guidance with 2012 underlying performance from continuing operations, the following table reconciles 2012 GAAP results to 2012 non-GAAP and adjusted EBITDA, excluding Information

Management business sale impacts and certain other tax items.

CONVERGYS CORPORATION
Reconciliation of GAAP results from Continuing Operations to
Non-GAAP metrics for Comparison to 2013 Guidance

(In Millions Except Per Share Amounts)

	2012				
	Q1	Q2	Q3	Q4	YTD
Net Income (Loss) from Continuing Operations under U.S. GAAP	\$ 21.4	\$ (53.7)	\$ 30.3	\$ 30.2	\$ 28.2
Restructuring of \$6.4, net of tax	—	5.1	—	—	5.1
Asset impairment of \$88.6, net of tax	—	70.3	—	—	70.3
Pension and other post employment benefit plan curtailment benefit of \$2.7 and settlement charge of \$6.8, net of tax	—	(2.1)	—	4.2	2.1
Information Management costs not qualifying as Discontinued Operations of \$6.0 and \$2.8, net of tax	4.8	2.2	—	—	7.0
Orlando financing fees of \$1.1, net of tax	—	0.7	—	—	0.7
Impact of normalization of effective tax rate for discrete and other items	—	—	—	(6.7)	(6.7)
Adjusted Net Income from Continuing Operations (a non-GAAP measure)	\$ 26.2	\$ 22.5	\$ 30.3	\$ 27.7	\$ 106.7
Earnings (Loss) Per Share from Continuing Operations under U.S. GAAP	\$ 0.18	\$ (0.47)	\$ 0.26	\$ 0.27	\$ 0.24
Net impact of items above per adjusted diluted share	0.04	0.66	—	(0.02)	0.67
Adjusted Earnings Per Share from Continuing Operations (a non-GAAP measure)	\$ 0.22	\$ 0.19	\$ 0.26	\$ 0.25	\$ 0.91
Net Income (Loss) from Continuing Operations under U.S. GAAP	\$ 21.4	\$ (53.7)	\$ 30.3	\$ 30.2	\$ 28.2
Depreciation and Amortization	22.2	22.3	21.1	23.1	88.7
Interest expense	3.6	4.4	2.8	2.8	13.6
Income tax expense (benefit)	5.4	(10.5)	6.8	(0.6)	1.1
EBITDA	\$ 52.6	\$ (37.5)	\$ 61.0	\$ 55.5	\$ 131.6
Restructuring	—	6.4	—	—	6.4
Asset impairment charges	—	88.6	—	—	88.6
Net pension and other post employment benefit plan charges	—	(2.7)	—	6.8	4.1
Information Management costs not qualifying as Discontinued Operations	6.0	2.8	—	—	8.8
Adjusted EBITDA	\$ 58.6	\$ 57.6	\$ 61.0	\$ 62.3	\$ 239.5

Financial Condition, Liquidity and Capital Resources

Liquidity and Cash Flows

We use existing cash and the net cash generated from ongoing operations to fund those operations, invest in the business, make required debt payments and pay dividends at the discretion of the Board of Directors for the next twelve months. We also believe available borrowings under existing credit facilities will provide additional ability to invest in the business.

Cash flows from operating activities generally provide us with a significant source of funding for our investing and financing activities. Cash flows for 2012, 2011, and 2010 were as follows:

	2012	2011	2010
Net cash flows from operating activities			
Operating activities of continuing operations	\$ 103.9	\$ 161.4	\$ 179.2
Operating activities of discontinued operations	9.1	35.2	15.0
	\$ 113.0	\$ 196.6	\$ 194.2
Net cash flows provided by (used in) investing activities			
Investing activities of continuing operations	\$ (162.7)	\$ 235.6	\$ (63.0)
Investing activities of discontinued operations	425.3	(13.5)	63.7
	\$ 262.6	\$ 222.1	\$ 0.7
Net cash flows used in financing activities			
Financing activities of continuing operations	\$ (242.6)	\$ (183.0)	\$ (336.9)
Financing activities of discontinued operations	(0.1)	—	(3.6)
	\$ (242.7)	\$ (183.0)	\$ (340.5)

Cash flows from operating activities totaled \$113.0 in 2012, compared to \$196.6 in 2011, and \$194.2 in 2010. Cash flows provided by continuing operations for 2012 was \$103.9 compared to \$161.4 and \$179.2 in 2011 and 2010, respectively. Excluding the impact of discontinued operations, the decrease in the current year was primarily the result of approximately \$35 of cash payments to reduce long-term liabilities, included within the change in other assets and liabilities in the Consolidated Statement of Cash Flows and cash payments for income taxes of approximately \$40 related to the completion of the sale of the Information Management business and approximately \$20 associated with prior year internal restructurings, included within the change in payables and other current liabilities in the Consolidated Statement of Cash Flows, partially offset by higher operating income from continuing operations excluding asset impairment charges as well as the timing of working capital requirements. The decrease from 2010 to 2011 was primarily the result of the receipt of tax refunds of approximately \$48 in 2010, increased net implementation spending in 2011 and the timing of net working capital. Cash flows provided by discontinued operations for 2012 were \$9.1 compared to \$35.2 and \$15.0 in 2011 and 2010, respectively.

Cash flows provided by investing activities were \$262.6 during 2012, which included \$425.3 provided by discontinued operations as a result of the sale of the Information Management business, partially offset by \$98.4 of capital expenditures and \$64.3 of purchases of short-term investments, net of maturity of short-term investments. Cash flows provided by investing activities were \$222.1 in 2011, which included \$13.5 used in discontinued operations, and cash proceeds of \$320.0 from the sale of the Cellular Partnership interests, \$3.1 from the sale of assets, and \$10.0 from the sale of the Finance and Accounting outsourcing line of business, partially offset by \$74.8 of capital expenditures and \$22.7 of purchases of investment securities. Cash flow provided by investing activities was \$0.7 in 2010, which included \$63.7 from discontinued operations, mostly related to the sale of the HR Management line of business, and capital expenditures of \$63.0.

Cash flows used in financing activities were \$242.7 during 2012, \$183.0 during 2011 and \$340.5 in 2010. During 2012 we repurchased 12.0 shares of the Company's common stock for \$180.8, repaid \$66.5 on our outstanding borrowings, and paid \$11.2 in cash dividends, partially offset by \$10.9 we received from exercise of stock options and \$5.0 from excess tax benefits from share-based compensation arrangements. The impact of shares repurchased on our cash flows used in financing activities does not include approximately 0.3 shares of the Company's common stock settled for \$3.6 in cash subsequent to year end. During 2011, we repurchased 7.7 of our common shares for \$96.8 and repaid \$86.0 on our outstanding borrowings. During 2010, we repaid the entire \$400.0 outstanding balance on our Five-Year Competitive Advance and Revolving Credit Facility and borrowed \$85.0 on our accounts receivable securitization facility, net of repayments. We also repurchased our common shares for \$24.9 during 2010.

As of December 31, 2012, our credit ratings and outlook are as follows:

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

Our credit ratings and outlook could impact our ability to raise capital in the future as well as increase borrowing costs.

We use free cash flow and adjusted free cash flow to assess the financial performance of the Company. We define free cash flow as cash flows from operating activities less capital expenditures (net of proceeds related to disposals). We further define adjusted free cash flow as free cash flow excluding the operating cash impact of the sale of the HR Management business and the CEO transition. A reconciliation of the GAAP measure, net cash provided by operating activities, to the non-GAAP measures free cash flow and adjusted free cash flow is as follows:

Computation of Free Cash Flows:	2012	2011	2010
Net cash flow from operations	\$ 113.0	\$ 196.6	\$ 194.2
Capital expenditures, net of proceeds from disposal of assets	(104.6)	(88.3)	(66.3)
Free Cash Flows (a non-GAAP measure)	\$ 8.4	\$ 108.3	\$ 127.9
Payments made to settle obligations of HR Management in connection with and upon substantial completion of the sale of the business	—	—	28.2
Payments made related to CEO transition	—	—	8.0
Adjusted free cash flow (a non-GAAP measure)	\$ 8.4	\$ 108.3	\$ 164.1

Free cash flows, as defined above, were \$8.4, \$108.3, and \$127.9 for 2012, 2011 and 2010, respectively. Free cash flow for 2010 includes cash payments of \$28.2 made to settle obligations of the HR Management business in connection with and at the time of the substantial completion of the sale of that business and \$8.0 of cash payments made related to the CEO transition. Excluding these payments, adjusted free cash flow for 2012, 2011 and 2010 was \$8.4, \$108.3 and \$164.1, respectively. The decrease in adjusted free cash flow of \$99.9 in the current year was due to lower cash generated from operating activities explained above and increased capital expenditures during 2012. The decrease from 2010 to 2011 was due to lower cash generated from activities during 2011 as a result of the timing of working capital requirements, including accounts receivable, as well as lower operating income, partially offset by the positive impact of the receipt of tax refunds of approximately \$48 in 2010 and lower capital expenditures. Adjusted free cash flow for 2010 also includes \$10.0 paid in connection with the refinancing of the Orlando synthetic lease.

We believe 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 repay the Company's debt obligations and to repurchase the Company's common shares. 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 measures, free cash flow and adjusted free cash flow, and the GAAP measure, net cash flows from operating activities, in its evaluation of performance. There are no material purposes for which we use these non-GAAP measures beyond the purposes described above.

Capital Resources, Off-Balance Sheet Arrangements and Contractual Commitments

At December 31, 2012, total capitalization was \$1,432.5, consisting of \$60.6 of short-term and long-term debt and capital lease obligations and \$1,371.9 of equity. At December 31, 2011, total capitalization was \$1,538.6, consisting of \$127.1 of short-term and long-term debt and capital lease obligations and \$1,411.5 of equity. The total debt-to-capital ratio at December 31, 2012 was 4.2%, which compares to 8.3% at December 31, 2011. The decrease in this ratio is due to a lower level of borrowings in 2012 compared to 2011.

On March, 11, 2011, we entered into a \$300 Four-Year Competitive Advance and Revolving Credit Facility Agreement (the New Credit Facility). This New Credit Facility replaces our \$400 Five-Year Competitive Advance and Revolving Credit Facility Agreement (the Prior Credit Facility), dated as of October 20, 2006 and as amended subsequently,

among Convergys and a group of financial institutions. In connection with our entry into the New Credit Facility, we terminated the Prior Credit Facility.

We have two borrowing options available under the New Credit Facility: (i) a competitive advance option which is provided on an uncommitted competitive advance basis through an auction mechanism and (ii) a revolving credit option which is provided on a committed basis. Under each option, amounts borrowed and repaid may be re-borrowed subject to availability. Borrowings under the New Credit Facility bear interest at the rates described in the New Credit Facility. The New Credit Facility includes certain restrictive covenants including maintenance of interest coverage and debt-to-EBITDA ratios (as defined in the New Credit Facility). The Company's interest coverage ratio, defined as the ratio of EBITDA to consolidated interest expense, cannot be less than 4.00 to 1.00 as determined on a rolling four quarter basis. Our debt-to-EBITDA ratio cannot be greater than 3.00 to 1.00 until December 31, 2012 and 2.75 to 1.00 after December 31, 2012. The New Credit Facility also contains customary representations and warranties. In the event of a default, the lenders may terminate the commitments and declare the amounts outstanding, and all accrued interest, immediately due and payable. The maturity date of the New Credit Facility is March 11, 2015 except that, upon the satisfaction of certain conditions, we may extend the maturity date by one year twice during the term. We will pay an annual facility fee regardless of utilization. At December 31, 2012 the facility was undrawn. We were in compliance with all covenants at December 31, 2012.

In 2009, we issued a total of \$125.0 aggregate principal amount of new 5.75% Junior Subordinated Convertible Debentures due September 2029 (2029 Convertible Debentures) in exchange for \$122.5 of our 4.875% Unsecured Senior Notes due December 15, 2009. The entire balance of the 2029 Convertible Debentures was outstanding as of December 31, 2012 and December 31, 2011.

During June 2011, the Company extended the terms of an asset securitization facility collateralized by accounts receivable of certain of the Company's subsidiaries, resulting in a purchase limit of \$150.0 expiring in June 2014. The asset securitization program is conducted through Convergys Funding Inc., a wholly-owned bankruptcy-remote subsidiary. The asset securitization facility does not qualify for sale treatment under the authoritative guidance for the 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 Sheets. At December 31, 2012 and December 31, 2011, the facility was undrawn.

We leased an office complex in Orlando, Florida, under a five-year capital lease that began on June 30, 2010. During 2012, we exercised our option to purchase this leased office facility by discharging the related lease financing obligation in the principal amount of \$55.0. Total capital lease obligations subsequent to the purchase were \$2.2 at December 31, 2012 compared to \$58.7 at December 31, 2011.

During 2012, we repurchased 12.3 of our common shares for \$184.4 pursuant to outstanding authorizations. Based upon timing of transactions, \$3.6 of the shares repurchased had not settled at December 31, 2012. These shares are excluded from outstanding shares at the end of the year and were settled in cash during the first quarter of 2013. The timing and terms of any future transactions depend on a number of considerations including future earnings, cash flow, financial condition, financial covenants and other relevant factors. In February 2013, our Board of Directors approved an increase in remaining authorized share repurchases to \$250.0 in the aggregate. The Company also repurchased 0.8 shares at an average price of \$16.51 for aggregate proceeds of \$14.0 subsequent to December 31, 2012 through February 21, 2013.

The following summarizes our contractual obligations at December 31, 2012, and the effect such obligations are expected to have on liquidity and cash flows in future periods:

Contractual Obligations	Total	Less Than 1 Year	1-3 Years	After 3 Years
Debt and capital lease obligations ⁽¹⁾	\$ 127.2	\$ 0.7	\$ 1.5	\$ 125.0
Debt interest ⁽²⁾	120.8	7.2	21.6	92.0
Operating leases ⁽³⁾	261.3	66.2	133.7	61.4
Pension contributions ⁽⁴⁾	54.2	0.2	30.0	24.0
Unrecognized tax benefits ⁽⁵⁾	—	—	—	—
Total	\$ 563.5	\$ 74.3	\$ 186.8	\$ 302.4

(1) See Note 7 of the Notes to Consolidated Financial Statements for further information.

(2) This includes interest expense on fixed rate debt and capital lease obligations. This includes only the cash payable compound of interest expense in our 2029 Convertible Debentures.

(3) See Note 11 of the Notes to Consolidated Financial Statements for further information.

(4) The Company met ERISA funding requirements for 2013 with a \$20.0 contribution to the cash balance pension plan in December 2012. Estimates for 2014 and beyond assume a 7.5% return on assets and Moving Ahead for Progress in the 21st Century Act (MAP-21) interest rates. Actual cash payments may vary based upon actual performance.

(5) Unrecognized tax benefits of \$54.0 are excluded from this table as the uncertainty related to the amount and period of any cash settlement prevents the Company from making a reasonably reliable estimate.

At December 31, 2012, we had outstanding letters of credit of approximately \$27.9, bond obligations of approximately \$1.5 related to performance and payment guarantees, and \$30.0 related to performance and payment guarantees for our former HR Management line of business. Upon completion of the sale of the HR Management business, we continue to be responsible for these bond obligations. Although NorthgateArinso is obligated to indemnify the Company for any and all losses, costs, liabilities and expenses incurred related to these performance bonds, the Company maintains a liability of approximately \$1.0. We believe that any guarantee obligation that may arise related to performance and payment guarantees of continuing operations will not be material. We also have purchase commitments with telecommunications providers of approximately \$17.3 for 2013.

On May 8, 2012, we announced that our Board of Directors declared an initial quarterly cash dividend of \$0.05 per share. The initial quarterly cash dividend was paid on July 6, 2012 to all shareholders of record as of June 22, 2012. On July 26, 2012, we announced that our Board of Directors declared a quarterly cash dividend of \$0.05 per share, which was paid on October 5, 2012 to all shareholders of record as of September 21, 2012. On October 23, 2012, we announced that our Board of Directors declared a quarterly cash dividend of \$0.05 per share, which was paid on January 4, 2013 to all shareholders of record as of December 21, 2012. On February 7, 2013, the Company announced that the Board of Directors raised the quarterly dividend 20 percent to \$0.06 per share. The dividend payment of \$0.06 is scheduled to be made on April 5, 2013 to shareholders of record at the close of business on March 22, 2013. The Board expects that future cash dividends will be paid on a quarterly basis. However, any decision to pay future cash dividends will be subject to Board approval, and will depend on our future earnings, cash flow, financial condition, financial covenants and other relevant factors. We intend to continue to use cash dividends as a means of returning capital to our shareholders, subject to our ongoing review and determinations that cash dividends are in the best interests of our shareholders.

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 investment grade-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 December 31, 2012, all of our debt instruments were fixed rate borrowings with an outstanding amount of \$60.6.

We had no variable rate borrowings at December 31, 2012.

Foreign Currency Exchange Rate Risk

We serve many of our U.S.-based clients using contact center capacity in the Philippines, India, and Colombia. 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 Philippine pesos (PHP), Indian rupees (INR), or Colombian pesos (COP), which represents a foreign exchange exposure. Beginning in 2011, we entered into a contract with a client priced in Australian dollars (AUD). As of December 31, 2012, 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 PHP 15,360.0 at a fixed price of \$349.6 at various dates through December 2015, INR 9,792.5 at a fixed price of \$176.6 at various dates through December 2015, and COP 35,700.0 at a fixed price of \$18.4 at various dates through December 2014, and to sell a total of AUD 44.7 at a fixed price of \$45.7 at various dates through December 2013. The fair value of these derivative instruments as of December 31, 2012 is presented in Note 13 of the Notes to Consolidated Financial Statements. The potential loss in fair value at December 31, 2012 for such contracts resulting from a hypothetical 10% adverse change in currency exchange rates between the U.S. dollar and the currencies above is approximately \$49.9. This loss would be substantially mitigated by corresponding gains on the underlying exposures.

Other foreign currency exposures arise from transactions denominated in a currency other than the functional currency. 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, payables and intercompany transactions that are denominated in currencies different from the functional currencies of the Company or the respective subsidiaries. As of December 31, 2012, the fair value of these derivatives was immaterial to the Consolidated Financial Statements.

Critical Accounting Policies and Estimates

We prepare our Financial Statements in conformity with accounting principles generally accepted in the United States. Our significant accounting policies are disclosed in Note 2 of Notes to Consolidated Financial Statements. The preparation of Financial Statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts and related disclosures. On an ongoing basis, we evaluate our estimates and judgments in these areas based on historical experience and other relevant factors. Our estimates as of the date of the Financial Statements reflect our best judgment giving consideration to all currently available facts and circumstances. As such, these estimates may require adjustment in the future, as additional facts become known or as circumstances change.

We have identified below the accounting policies and estimates that we believe are most critical in compiling our statements of financial condition and operating results. We have reviewed these critical accounting policies and estimates and related disclosures with the Audit Committee of our Board of Directors.

Goodwill

The Company has recorded on its Consolidated Balance Sheets Goodwill of \$577.7 and \$621.5 at December 31, 2012 and December 31, 2011, respectively. The December 31, 2012 balance reflects a \$46.0 goodwill impairment charge recognized in the second quarter of 2012 related to the Customer Interaction Technology (CIT) reporting unit. Completion of the sale of the Information Management business qualified as a triggering event for an interim assessment of goodwill impairment for the Company's Information Management and CIT reporting units at June 30, 2012. Based upon the purchase price for the Information Management business, the triggering event did not indicate an impairment of the Information Management reporting unit. The sale of the Information Management business impacted the sale of certain products developed by the CIT reporting unit and co-marketed by CIT and the Information Management business. Due in part to this transition, the fair value of the CIT reporting unit was determined to be less than its carrying value.

Goodwill is allocated to the reporting units at the date the goodwill is initially recorded. Once goodwill has been allocated to the reporting units, it generally no longer retains its identification with a particular acquisition, but instead becomes identified with a reporting unit as a whole. As a result, all of the fair value of each reporting unit is available to support the value of goodwill allocated to the unit. As of December 31, 2012, the Company operated in one core business

segment as discussed in Note 16 of Notes to Consolidated Financial Statements.

Goodwill impairment testing is performed at the reporting unit level, one level below the business segment. As disclosed in Note 6 of Notes to Consolidated Financial Statements, we test goodwill for impairment annually as of October 1 and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable, such as a significant adverse change in the business climate, a decision to sell or dispose of all or a significant portion of a reporting unit or a significant decline in the Company's stock price.

For 2012, the Company tested goodwill for the following reporting units: Customer Management – Live Agents and Customer Management – CIT (CIT). As a result of the impairment of CIT goodwill in the second quarter, only the Customer Management - Live Agents reporting unit has goodwill at October 1, 2012 and December 31, 2012.

As a result of the adoption of Accounting Standards Update ("ASU") No. 2011-08 "Testing goodwill for impairment," effective January 1, 2012, we first assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategies and financial performance, when evaluating potential impairment for goodwill. If, after completing such assessment, it is determined more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a two-step impairment test.

The first step compares the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit (Step 1). If the fair value of the reporting unit is in excess of the carrying value, the related goodwill is considered not to be impaired and no further analysis is necessary. If the carrying amount of the reporting unit exceeds the fair value, there is an indication of potential impairment and a second step of testing is performed to measure the amount of the impairment, if any, for that reporting unit.

When required, the second step compares the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. Any excess of the carrying value of the reporting unit goodwill over the implied fair value of the reporting unit goodwill will be recorded as an impairment loss. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

Fair value of the reporting unit is determined using a combination of the market approach and the income approach. Under the market approach, fair value is based on actual stock prices or transaction prices of comparable companies. The market approach requires significant judgment regarding the selection of comparable companies. Under the income approach, fair value is dependent on the present value of net cash flows to be derived from the ownership. The income approach requires significant judgment including estimates about future cash flows and discount rates. The forecasted cash flows are based upon the Company's long-term strategic business plan, and a terminal value is used to estimate the operating segment's cash flows beyond this plan. The discount rate represents the weighted-average cost of capital, which is an estimate of the overall after-tax rate of return required by equity and debt market participants of a business enterprise. Both the market and income approaches require the use of significant judgments, including judgments about appropriate discount rates, perpetual growth rates and the timing of expected future cash flows. Discount rate assumptions are based upon an assessment of the risk inherent in the future cash flows.

Based on the interim 2012 results of Step 1 for the CIT reporting unit, there was an indication of impairment as the carrying value exceeded the fair value of the reporting unit. Accordingly, the second step of testing was performed for CIT. Conclusion of step two of the impairment analysis resulted in the impairment of the entire \$46.0 goodwill balance of this reporting unit. The Company recorded a \$46.0 goodwill impairment charge (\$44.4 net of tax) in the second quarter of 2012, included in the asset impairment caption in the accompanying Consolidated Statements of Income.

The most recent annual impairment test performed as of October 1, 2012, indicated that the fair value of the Customer Management - Live Agents reporting unit was substantially in excess of its carrying values. Despite that excess, however, impairment charges could still be required if a divestiture decision were made or other significant

economic event occurred with respect to the reporting units. Subsequent to our October 1, 2012 annual impairment test, no indications of an impairment were identified.

Other Intangible Assets

At December 31, 2012, we had a carrying value of \$33.7 of other intangible assets, net of amortization, consisting of \$14.8 in software, which is classified in property, plant and equipment on the Consolidated Balance Sheets, and \$18.9 in customer relationships. As amortizable intangible assets, the Company evaluates the intangible assets for recoverability on an annual basis or if events or circumstances indicate a possible inability to recover their carrying amounts, by comparing estimates of undiscounted future cash flows to the carrying values of the related assets. Based on the results of testing, no impairment charges were recognized in 2012. The goodwill impairment charge recorded in the second quarter of 2012 was an impairment indicator; however, testing at the interim date and at December 31, 2012 resulted in no impairment to the other intangible assets in 2012.

Property, Plant and Equipment

The cost of property, plant and equipment is depreciated by the straight-line method over the estimated useful lives of the assets. The Company reviews property, plant and equipment asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company monitors these changes and events on at least a quarterly basis. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset group, or a current expectation that an asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the property, plant and equipment asset groups, as well as specific appraisals in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other property, plant and equipment asset groups. If the future undiscounted cash flows result in a value that is less than the carrying value, then the long-lived asset is considered impaired and a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair value. Various factors that the Company uses in determining the impact of these assessments include the expected useful lives of long-lived assets and our ability to realize any undiscounted cash flows in excess of the carrying amounts of such asset groups, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Because judgment is involved in determining the fair value of property, plant and equipment asset groups, there is risk that the carrying value of these assets may require adjustment in future periods.

During the second quarter of 2012, we committed to a plan to sell our Corporate office facilities in Cincinnati, Ohio. Accordingly, the property met the criteria to be classified as "Held-for-Sale" and was required to be measured at the lower of its carrying value or fair value less costs to sell. We determined the fair value was less than its carrying amount; therefore we recognized an impairment loss of \$42.6 (\$27.0 after tax) included in the asset impairment caption in the accompanying Consolidated Statements of Income. Fair value was determined based on the income approach.

Income Taxes

The provision for income taxes includes income taxes paid, currently payable or receivable, and those deferred. Under U.S. GAAP, the Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The deferred tax assets and liabilities are determined based on the enacted tax rates expected to apply in the periods in which the deferred tax assets or liabilities are expected to be settled or realized.

The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical pre-tax and taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Projected future taxable income is based on expected results and assumptions as to the jurisdiction in which the income will be earned. The expected timing of the reversals of existing temporary differences is based on current tax law and the Company's tax methods of accounting.

The Company also reviews its tax activities and evaluates uncertain tax positions using a two-step approach. The first step is to evaluate the tax position for recognition by determining whether the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit, which is the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense. Significant judgment is required in determining our liability for uncertain tax positions. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S. or foreign taxes may be significantly different from our estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities. We believe that we make a reasonable effort to ensure accuracy in our judgments and estimates.

Restructuring Charges

We recognize liabilities for a cost associated with an exit or disposal activity measured initially at fair value only when the liability is incurred. During the last three years, we recorded restructuring charges related to reductions in headcount and facility closures. As of December 31, 2012, we had a restructuring accrual of \$5.5, \$0.3 of which relates to facility closure costs that will be paid over several years until the leases expire. The accrual is equal to the future costs associated with the abandoned facilities, net of the proceeds from any probable future sublease agreements. We have used estimates, based on consultation with real estate advisors, to estimate the proceeds from any future sublease agreements. We will continue to evaluate our estimates in recording the facilities abandonment charge. As a result, there may be additional charges or reversals in the future.

Other

We have made certain other estimates that, while not involving the same degree of judgment, are important to understanding our financial statements. These estimates are in the areas of measuring our obligations related to our defined benefit plans and self-insurance accruals.

New Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (FASB), issued Accounting Standards Update (ASU) 2012-02, "Intangibles - Goodwill and Other: Testing indefinite-lived intangible assets for impairment" (ASU 2012-02). The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The approach is similar to the guidance in ASU 2011-08 finalized last year for goodwill impairment testing. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal year beginning after September 15, 2012 and early adoption is permitted. The Company adopted ASU 2012-02 effective January 1, 2013 and does not expect this pronouncement to have a material effect on the consolidated financial statements.

In September 2011, the FASB, issued ASU No. 2011-08, "Intangibles - Goodwill and Other: Testing goodwill for impairment" (ASU 2011-08). This ASU simplifies the goodwill impairment assessment by permitting a company to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If the conclusion is that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the company would be required to conduct the current two-step goodwill impairment test. Otherwise, it would not need to apply the two-step test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and early adoption is permitted. The Company adopted ASU 2011-08 for its goodwill impairment test as of January 1, 2012. Its adoption did not have a material effect on the consolidated financial statements.

In May 2011, the FASB issued 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS" (ASU 2011-04). The adoption of ASU 2011-04 conforms the meaning of fair value between U.S. GAAP and IFRS and improves consistency of disclosures relating to fair value. This ASU requires a reporting entity to provide quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy. The amendments in this update are effective for annual periods beginning after December 31, 2011. The Company adopted

ASU 2011-04 effective for the year ended December 31, 2012. The adoption did not have a material effect on the consolidated financial statements.

Item 7A. and 8.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The information required by Item 7A is included in Item 7 of this Form 10-K.

Item 8. Financial Statements and Supplementary Data

Beginning on page 40 are the Consolidated Financial Statements with applicable notes and the related Report of Independent Registered Public Accounting Firm, the supplementary financial information specified by Item 302 of Regulation S-K and Financial Statement Schedule II – Valuation and Qualifying Accruals.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Convergys Corporation

We have audited the accompanying consolidated balance sheets of Convergys Corporation as of December 31, 2012 and 2011, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Table of Contents at Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Convergys Corporation at December 31, 2012 and 2011, and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Convergys Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Cincinnati, Ohio

February 21, 2013

Consolidated Statements of Income (Loss)

	Year Ended December 31,		
(Amounts In Millions Except Per Share Amounts)	2012	2011	2010
Revenues	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3
Operating Costs and Expenses:			
Cost of providing services and products sold ⁽¹⁾	1,289.5	1,240.4	1,157.8
Selling, general and administrative expenses	477.2	483.8	536.3
Research and development costs	10.8	14.0	18.0
Depreciation	82.4	76.3	87.6
Amortization	6.3	7.4	7.7
Restructuring charges	11.6	1.2	28.7
Asset impairment	88.6	—	181.1
Total costs and expenses	1,966.4	1,823.1	2,017.2
Operating Income (Loss)	38.6	110.1	(153.9)
Earnings and gain from Cellular Partnerships, net	—	285.2	47.2
Other income (expense), net	4.3	9.8	8.9
Interest expense	(13.6)	(16.1)	(19.5)
Income (loss) before income taxes	29.3	389.0	(117.3)
Income tax expense	1.1	106.5	(7.5)
Income (loss) from continuing operations	28.2	282.5	(109.8)
Income from discontinued operations, net of tax	72.4	52.3	56.6
Net Income (Loss)	\$ 100.6	\$ 334.8	\$ (53.2)
Basic Earnings (Loss) per share:			
Continuing Operations	\$ 0.25	\$ 2.35	\$ (0.89)
Discontinued Operations	0.65	0.44	0.46
Net basic earnings (loss) per share	\$ 0.90	\$ 2.79	\$ (0.43)
Diluted Earnings (Loss) per share:			
Continuing Operations	\$ 0.24	\$ 2.30	\$ (0.89)
Discontinued Operations	0.62	0.42	0.46
Net diluted earnings (loss) per share	\$ 0.86	\$ 2.72	\$ (0.43)
Weighted average common shares outstanding:			
Basic	112.2	120.2	123.1
Diluted	117.1	122.9	123.1
Cash dividends declared per share	\$ 0.15	\$ —	\$ —

(1) Exclusive of depreciation and amortization, with the exception of amortization of deferred charges.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)	Year Ended December 31,		
	2012	2011	2010
Net Income (Loss)	\$100.6	\$334.8	\$(53.2)
Other Comprehensive Income (Loss), net of tax:			
Foreign currency translation adjustments	22.3	(3.9)	11.7
Change related to pension liability (net of tax (expense) benefit of (\$0.6), \$6.7 and \$2.9)	1.0	(7.3)	(3.5)
Unrealized gain (loss) on hedging activities (net of reclassification adjustments and net of tax (expense) benefit of (\$8.1), \$13.0 and (\$20.0))	12.9	(20.2)	33.5
Total other comprehensive income (loss)	36.2	(31.4)	41.7
Total Comprehensive Income (Loss)	\$136.8	\$303.4	\$(11.5)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheets

(Amounts In Millions)	At December 31,	
	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 554.7	\$ 421.8
Short term investments	83.8	22.7
Receivables, net of allowances of \$5.9 and \$9.3	319.8	305.9
Deferred income tax assets	8.9	44.8
Prepaid expenses	33.2	28.1
Other current assets	65.6	40.5
Current assets held-for-sale	34.6	87.3
Total current assets	1,100.6	951.1
Property and equipment, net	279.2	343.9
Goodwill	577.7	621.5
Other intangibles, net	18.9	25.3
Deferred income tax assets	19.2	26.1
Other assets	42.3	43.2
Other assets held-for-sale	—	319.7
Total Assets	\$ 2,037.9	\$ 2,330.8
Liabilities and Shareholders' Equity		
Current Liabilities		
Debt and capital lease obligations maturing within one year	\$ 0.7	\$ 6.2
Payables and other current liabilities	285.8	297.7
Current liabilities held-for-sale	—	68.3
Total current liabilities	286.5	372.2
Long-term debt and capital lease obligations	59.9	120.9
Deferred income tax liabilities	136.5	101.0
Accrued pension liabilities	109.2	136.0
Other long-term liabilities	73.9	137.5
Long term liabilities held-for-sale	—	51.7
Total liabilities	666.0	919.3
Shareholders' Equity		
Preferred shares—without par value, 5.0 authorized; none outstanding	—	—
Common shares—without par value, 500.0 authorized; 187.5 and 185.0 issued, 105.9 and 115.4 outstanding, as of December 31, 2012 and December 31, 2011, respectively	1,133.0	1,111.8
Treasury stock—81.6 shares in 2012 and 69.6 in 2011	(1,329.2)	(1,149.1)
Retained earnings	1,578.6	1,495.5
Accumulated other comprehensive loss	(10.5)	(46.7)
Total shareholders' equity	1,371.9	1,411.5
Total Liabilities and Shareholders' Equity	\$ 2,037.9	\$ 2,330.8

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Year Ended December 31,		
(Amounts in Millions)	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 100.6	\$ 334.8	\$ (53.2)
Income from discontinued operations	72.4	52.3	56.6
Income (loss) from continuing operations	28.2	282.5	(109.8)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	88.7	83.7	95.3
Gain on sale of interests in the Cellular Partnerships	—	(265.0)	—
Gain on sale of business	—	(7.0)	—
Asset impairment	88.6	—	181.1
Deferred income tax (benefit) expense	(4.2)	15.5	0.1
Earnings from Cellular Partnerships, net	—	(20.2)	(47.2)
Distributions from Cellular Partnerships	—	30.7	35.7
Stock compensation expense	20.2	14.8	12.1
Changes in assets and liabilities:			
Change in receivables	(14.1)	(27.1)	5.0
Change in other current assets	(23.4)	5.2	49.2
Change in deferred charges, net	1.4	(6.1)	—
Change in other assets and liabilities	(28.2)	51.9	(21.6)
Change in payables and other current liabilities	(56.5)	6.5	(15.5)
Other, net	3.2	(4.0)	(5.2)
Net cash provided by operating activities of continuing operations	103.9	161.4	179.2
Net cash provided by operating activities of discontinued operations	9.1	35.2	15.0
Net cash provided by operating activities	113.0	196.6	194.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(98.4)	(74.8)	(63.0)
Proceeds from sale of interests in the Cellular Partnerships	—	320.0	—
Proceeds from disposition of assets	—	3.1	—
Proceeds from disposition of business	—	10.0	—
Purchase of investment securities	—	(22.7)	—
Purchase of short-term investments	(83.3)	—	—
Proceeds from maturity of short-term investments	19.0	—	—
Net cash (used in) provided by investing activities of continuing operations	(162.7)	235.6	(63.0)
Net cash provided by (used in) investing activities of discontinued operations	425.3	(13.5)	63.7
Net cash provided by investing activities	262.6	222.1	0.7
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of credit facilities and other debt, net	(66.5)	(86.0)	(312.0)
Repurchase of common shares	(180.8)	(96.8)	(24.9)
Proceeds from exercise of stock options	10.9	3.0	—
Payments of dividends	(11.2)	—	—
Excess tax benefit from share-based payment arrangements	5.0	—	—
Other, net	—	(3.2)	—
Net cash used in financing activities of continuing operations	(242.6)	(183.0)	(336.9)
Net cash used in financing activities of discontinued operations	(0.1)	—	(3.6)

Net cash used in financing activities	(242.7)	(183.0)	(340.5)
Net increase (decrease) in cash and cash equivalents	132.9	235.7	(145.6)
Cash and cash equivalents at beginning of period	421.8	186.1	331.7
Cash and cash equivalents at end of period	\$ 554.7	\$ 421.8	\$ 186.1

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SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	\$	13.7	\$	16.7	\$	18.2
Income taxes paid, net of refunds	\$	(68.2)	\$	(20.6)	\$	(16.9)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

(Amounts in Millions)	Number of Common Shares	Common Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2009	183.3	\$ 1,084.1	\$ (1,042.0)	\$ 1,221.3	\$ (57.0)	1,206.4
Issuance of common shares	0.9					—
Treasury shares issued for share-based plans, net			6.7	(3.0)		3.7
Tax related to share-based arrangements, net of excess tax benefits		(4.9)				(4.9)
Repurchase of common shares			(24.9)			(24.9)
Net loss				(53.2)		(53.2)
Other comprehensive income					41.7	41.7
Amortization of stock-based compensation		15.3				15.3
Balance at December 31, 2010	184.2	1,094.5	(1,060.2)	1,165.1	(15.3)	1,184.1
Issuance of common shares	0.8					—
Treasury shares issued for share-based plans, net			7.9	(4.4)		3.5
Tax related to share-based arrangements, net of excess tax benefits		(1.9)				(1.9)
Proceeds from exercise of stock options		3.0				3.0
Repurchase of common shares			(96.8)			(96.8)
Net income				334.8		334.8
Other comprehensive loss					(31.4)	(31.4)
Amortization of stock-based compensation		16.2				16.2
Balance at December 31, 2011	185.0	1,111.8	(1,149.1)	1,495.5	(46.7)	1,411.5
Issuance of common shares	2.5					
Treasury shares issued for share-based plans, net			4.3	(1.0)		3.3
Tax related to share-based arrangements, net of excess tax benefits		(14.6)				(14.6)
Proceeds from exercise of stock options		10.9				10.9
Repurchase of common shares			(184.4)			(184.4)
Net income				100.6		100.6
Other comprehensive income					36.2	36.2
Cash dividends declared				(16.5)		(16.5)
Amortization of stock-based compensation		24.9				24.9

Balance at December 31, 2012	187.5 \$	1,133.0 \$	(1,329.2) \$	1,578.6 \$	(10.5) \$	1,371.9
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The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(Amounts in Millions Except Share and Per Share Amounts)

1. Background and Basis of Presentation

Convergys Corporation (the Company or Convergys) is a global leader in customer management, focused on bringing value to its clients through every customer interaction.

In 2010, we completed the sale of Human Resources Management (HR Management) line of business to NorthgateArinso for \$78.0 in cash as well as a zero coupon note in the principal amount of \$15.0. As a result of the sale of the HR Management line of business, the operating results related to HR Management have been reflected as discontinued operations. The total gain on the sale of HR Management amounted to \$35.2 pretax and \$5.6 net of taxes at December 31, 2010. Subsequently, in 2011, a \$6.5 reduction to the tax on the gain on this transaction was recorded and has been reflected as discontinued operations.

Prior to May 2012, the Company had two reportable segments, Customer Management and Information Management. In March 2012, Convergys signed a definitive agreement to sell the Information Management line of business to NetCracker Technology Corporation (NetCracker), a wholly owned subsidiary of NEC Corporation (NEC) for \$449.0 in cash. The sale closed in May 2012, for which the Company received \$462.6 in cash, including working capital adjustments. As a result of the sale of the Information Management business, the operating results and related assets and liabilities of Information Management have been reflected as discontinued operations for all periods presented. The total gain on the sale of the Information Management business amounted to \$99.8 pretax, and \$16.2 net of taxes at December 31, 2012.

As a result of the change in classification of the Information Management business to discontinued operations, the change in our Chief Executive Officer in the fourth quarter, and in order to reflect the internal financial reporting structure and operating focus of our new management team and chief operating decision maker, we will report operating results and assets and liabilities as a single segment on a consolidated basis. Segment information for previous periods has been reclassified to conform to the current reporting structure.

2. Accounting Policies

Consolidation — The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and U.S. Securities and Exchange Commission regulations. The Consolidated Financial Statements include the accounts of the Company's majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated upon consolidation.

Reclassification — Certain balances in prior years have been reclassified to conform to current year presentation.

Use of Estimates — The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. These estimates include project completion dates, time and cost required to complete projects for purposes of revenue recognition and future revenue, expense and cash flow estimates for purposes of impairment analysis and loss contract evaluation. Actual results could differ from those estimates. The Company's results are affected by economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies, can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

Foreign Currency — Assets and liabilities of foreign operations are translated to U.S. dollars at year-end exchange rates. Revenues and expenses are translated at average exchange rates for the year. Translation adjustments are accumulated and reflected as adjustments to comprehensive income (loss), a component of Shareholders' Equity, and included in net earnings only upon sale or liquidation of the underlying foreign subsidiary. Gains or losses resulting from foreign exchange transactions related to balance sheet positions are recorded in the Consolidated Statements of Income within other income (expense), net.

Revenue Recognition — Revenues mostly consist of fees generated from outsourced services provided to the Company's clients. Approximately 90% of the Company's revenues are derived from agent-related services. The Company typically recognizes these revenues as services are performed based on staffing hours or the number of contacts handled by service agents using contractual rates. The remaining revenues are derived from the sale of

premise-based and hosted automated self-care and technology solutions and provision of professional services. Revenues from the sale of these solutions and provision of services are typically recognized as services are provided over the duration of the contract using contractual rates.

Revenues are recognized only when the services are performed, there is evidence of an arrangement, the Company determines that the fee is fixed and determinable and collection of the fee included in the arrangement is considered probable. When determining whether the fee is considered fixed and determinable and collection is probable, the Company considers a number of factors including the creditworthiness of the client and the contractual payment terms. If a client is not considered creditworthy, all revenue under arrangements with that client is recognized upon receipt of cash. If payment terms extend beyond what is considered customary or standard in the related industry and geographic location, the related fees are considered extended and deferred until they become due and payable.

The Company considers the criteria established primarily by Accounting Standards Codification (ASC) Topic 605-45, "Principal Agent Considerations," (ASC 605-45) in determining whether revenue should be recognized on a gross versus a net basis. Factors considered in determining if gross or net basis recognition is appropriate include whether the Company is primarily responsible to the client for the services, has discretion on vendor selection, or bears credit risk. The Company provides certain services to clients using third party vendors. Typically, the costs incurred with third party vendors related to these services are passed through to the clients. In consideration of the above mentioned criteria, total payments the Company receives from clients related to these services are recorded as revenue and payments the Company makes to third party vendors are recorded as cost of providing services and products sold.

The Company sometimes earns supplemental revenues depending on the satisfaction of certain service levels or achievement of certain performance measurement targets. The supplemental revenues are recognized only after required measurement targets are met.

The Company recognizes revenues from transition services provided to the buyer of the Information Management business as such services are performed.

Stock Compensation — The Company accounts for stock-based payment transactions in which the Company receives employee services in exchange for equity instruments of the Company. Stock-based compensation cost for restricted stock awards and restricted stock units and performance restricted stock units is measured based on the closing fair market value of the Company's common stock on the date of grant. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Black-Scholes option-pricing model. Stock-based compensation cost for restricted stock units with a market condition is estimated using a Monte Carlo simulation model. The Company recognizes stock-based compensation cost as expense for awards other than its performance-based restricted stock units ratably on a straight-line basis over the requisite service period. The Company recognizes stock-based compensation cost associated with its performance based restricted stock units over the requisite service period if it is probable that the performance conditions will be satisfied. Compensation costs for awards with a market condition are recognized regardless of whether the market condition is achieved. The Company will recognize a benefit from stock-based compensation in equity if an incremental tax benefit is realized by following the ordering provisions of the tax law. Tax benefits related to stock compensation expense are reported as financing cash flow and tax expenses are reported as operating cash flow. Further, the Company applies an estimated forfeiture rate to unvested awards when computing the stock compensation-related expenses.

Income Taxes — The provision for income taxes includes taxes paid, currently payable or receivable, and those deferred. Under U.S. GAAP, the Company recognizes deferred tax assets and liabilities based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be settled or realized.

The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical pre-tax and taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Projected future taxable income is based on expected results and assumptions as to the jurisdiction in which the income will be earned. The expected timing of the reversals of existing temporary differences is based on current tax law and the Company's tax methods of accounting.

The Company also reviews its tax activities and evaluates uncertain tax positions using a two-step approach. The first

step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit, which is the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense.

Other Comprehensive Income (Loss) — Components of other comprehensive income (loss) include currency translation adjustments, changes related to pension liabilities, net of tax, and unrealized gains (losses) on hedging activities, net of tax. Foreign currency translation adjustments generally are not adjusted for income taxes as they relate to indefinite investments in non-U.S. operations. Accumulated other comprehensive income (loss) also includes, net of tax, actuarial gains or losses, prior service costs or credits and transition assets and obligations that are not recognized currently as components of net periodic pension cost.

Concentration of Credit Risk — In the normal course of business, the Company is exposed to credit risk. The principal concentrations of credit risk are cash and cash equivalents, short-term investments, accounts receivable and derivative instruments. The Company regularly monitors credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in a loss. Historically, credit losses on accounts receivable have not been material because of the large concentration of revenues with a small number of large, established companies. The Company does not require collateral or other security to support accounts receivable. The Company evaluates the creditworthiness of its clients in conjunction with its revenue recognition processes, as discussed above, as well as through its ongoing collectability assessment processes for accounts receivable. The Company maintains an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific clients, historical trends and other information. The Company limits its counterparty credit risk exposures by entering into derivative contracts with significant financial institutions that are investment grade rated.

Cash Equivalents — Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Receivables — Trade receivables are comprised primarily of amounts owed to the Company by clients and are presented net of an allowance for doubtful accounts of \$5.9 and \$9.3 at December 31, 2012 and 2011, respectively. Contracts with individual clients determine when receivables are due, generally within 30-60 days, and whether interest is accrued on late payments.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company regularly reviews the adequacy of its allowance for doubtful accounts. The Company determines the allowance based on historical write-off experience and current economic conditions and also considers factors such as customer credit, past transaction history with the customer and changes in customer payment terms when determining whether the collection of a receivable is reasonably assured. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment — Property and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over a 30-year life, software over a three- to eight-year life and equipment generally over a three- to five-year life. Leasehold improvements are depreciated over the shorter of their estimated useful life or the remaining term of the associated lease.

The Company reviews property, plant and equipment asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company monitors these changes and events on at least a quarterly basis. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset group, or a current expectation that an asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the property, plant and equipment asset groups, as well as specific appraisals in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other property, plant and equipment asset groups. If the future undiscounted cash flows result in a value that is less than the carrying value, then the long-lived asset is considered impaired and a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair value. Various factors

that the Company uses in determining the impact of these assessments include the expected useful lives of long-lived assets and our ability to realize any undiscounted

cash flows in excess of the carrying amounts of such asset groups, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Because judgment is involved in determining the fair value of property, plant and equipment asset groups, there is risk that the carrying value of these assets may require adjustment in future periods.

Software Development Costs — Research and development expenditures are charged to expense as incurred. The development costs of software to be marketed are charged to expense until technological feasibility is established and capitalized thereafter, subject to assessment of realizability. Amortization of the capitalized amounts is computed using the greater of the sales ratio method or the straight-line method over a life of five years or less. The Company did not capitalize any software development costs during the periods reported.

Internal Use Software — The Company capitalizes certain expenditures for software that is purchased or internally developed for use in the business. During 2012, 2011, and 2010, internally developed software amounts capitalized were \$6.8, \$3.8 and \$5.6, respectively. Amortization of internal use software begins when the software is ready for service and continues on the straight-line method generally over a life of three years.

Goodwill and Other Intangibles — As discussed more fully in Note 6, goodwill is reviewed at the reporting unit level for impairment as of October 1 each year and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable.

As a result of the adoption of Accounting Standards Update ("ASU") No. 2011-08 "Testing goodwill for impairment," effective January 1, 2012, we first assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategies and financial performance, when evaluating potential for impairment of goodwill. If, after completing such assessment, it is determined more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a two-step impairment test.

The first step compares the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit (Step 1). If the fair value of the reporting unit is in excess of the carrying value, the related goodwill is considered not to be impaired and no further analysis is necessary. If the carrying amount of the reporting unit exceeds the fair value, there is an indication of potential impairment and a second step of testing is performed to measure the amount of the impairment, if any, for that reporting unit.

When required, the second step compares the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. Any excess of the carrying value of the reporting unit goodwill over the implied fair value of the reporting unit goodwill will be recorded as an impairment loss. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

Fair value of the reporting unit is determined using a combination of the market approach and the income approach. Under the market approach, fair value is based on actual stock prices or transaction prices of comparable companies. The market approach requires significant judgment regarding the selection of comparable companies. Under the income approach, value is dependent on the present value of net cash flows to be derived from the ownership. The income approach requires significant judgment including estimates about future cash flows and discount rates. A combination of methodologies is used and weighted appropriately for reporting units with significant adverse changes in business climate.

Other intangibles, primarily customer relationship assets and trademarks, are amortized over a straight-line basis with lives ranging from four to twelve years and are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts.

Postemployment Benefits — The funded status of the Company's pension and other postretirement benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at December 31, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (PBO) and for the other postretirement benefit plans the benefit obligation is the accumulated postretirement benefit obligation (APBO). The PBO represents the actuarial

present value of benefits expected to be paid upon retirement. For active plans, the present value reflects estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. The measurement of the benefit obligation is based on the Company's estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates and mortality rates. For additional information regarding plan assumptions and the current financial position of the pension and other postretirement plans, see Note 9.

The Company provides severance benefits to certain employees. The Company accrues the benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

Government Grants — From time to time, the Company receives grants from local or state governments as an incentive to locate or retain operations in their jurisdictions. Depending on the arrangement, the grants are either received up-front or at the time the Company achieves the milestones set forth in the grant. The Company's policy is to record the grant funds received as deferred credit and to amortize the deferred credit as a reduction of cost of providing services and products sold or selling, general and administrative expense as the milestones are met over the term of the grant. The terms of the grants range from one to fifteen years.

Derivative Instruments — 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 currently uses only cash flow hedges. These instruments are hedges of forecasted transactions or of the variability of cash flows to be received or paid related to a recognized asset or liability. The Company generally enters into forward exchange contracts expiring within 36 months as hedges of anticipated cash flows denominated in foreign currencies. 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 exchange rates. In using derivative financial instruments to hedge exposures to changes in exchange rates, the Company exposes itself to counterparty credit risk.

All derivatives, including foreign currency exchange contracts, are recognized in the Consolidated Balance Sheets at fair value. Fair values for the Company's derivative financial instruments are based on quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current assumptions. On the date the derivative contract is entered into, the Company determines whether the derivative contract should be designated as a hedge. For derivatives that are designated as hedges, the Company further designates the hedge as either a fair value or cash flow hedge; all currently existing hedges have been designated as cash flow hedges. Changes in the fair value of derivatives that are highly effective and designated as fair value hedges would be recorded in the Consolidated Statements of Income along with the loss or gain on the hedged asset or liability. Changes in the fair value of derivatives that are highly effective and designated as cash flow hedges are reported as a component of Other Comprehensive Income (Loss) and reclassified into earnings in the same line-item associated with the forecasted transaction and in the same periods during which the hedged transaction impacts earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging activities. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to forecasted transactions, respectively. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

The Company also periodically enters into forward exchange contracts and options that are not designated as hedges. The purpose of the majority of these derivative instruments is to protect the Company against foreign currency exposure pertaining to receivables, payables and intercompany transactions that are denominated in currencies different from the functional currencies of the Company or the respective subsidiaries. The Company records changes in the fair value of these derivative instruments in the Consolidated Statements of Income within other income (expense), net.

Investments — Management determines the appropriate classification of securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Currently, we classify all investment securities, reported within short-term investments in the Consolidated Balance Sheets, as trading. Trading securities are carried at fair

value, with gains and losses, both realized and unrealized, reported in other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading is included in other income (expense), net.

Fair Value Measurements —The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

New Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, "Intangibles - Goodwill and Other: Testing indefinite-lived intangible assets for impairment" (ASU 2012-02). The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The approach is similar to the guidance in ASU 2011-08 finalized last year for goodwill impairment testing. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and early adoption is permitted. The Company adopted ASU 2012-02 effective January 1, 2013 and does not expect this pronouncement to have a material effect on the consolidated financial statements.

In September 2011, the FASB, issued ASU No. 2011-08, "Intangibles - Goodwill and Other: Testing goodwill for impairment" (ASU 2011-08). This ASU simplifies the goodwill impairment assessment by permitting a company to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If the conclusion is that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the company would be required to conduct the current two-step goodwill impairment test. Otherwise, it would not need to apply the two-step test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and early adoption is permitted. The Company adopted ASU 2011-08 for its goodwill impairment test as of January 1, 2012, which did not have a material effect on the consolidated financial statements.

In May 2011, the FASB issued 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS" (ASU 2011-04). The adoption of ASU 2011-04 conforms the meaning of fair value between U.S. GAAP and International Financial Reporting Standards (IFRS) and improves consistency of disclosures relating to fair value. This ASU requires a reporting entity to provide quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy. The amendments in this update are effective for annual periods beginning after December 31, 2011. The Company adopted ASU 2011-04 effective for the year ended December 31, 2012.

3. Divestitures and Discontinued Operations

Information Management

On May 16, 2012, the Company completed the sale of its Information Management line of business to NEC Corporation for \$449.0 in cash. The Company recorded a gain of \$99.8 pretax and \$16.2 after tax in 2012. The sale of Information Management was a taxable transaction that resulted in \$83.6 being recorded for the combined federal, state and foreign income tax obligation. The high effective tax rate is primarily due to a lower basis in net assets, including goodwill, for tax purposes compared to their book basis. The gain on sale included the elimination of \$201.7 of goodwill and intangible assets.

The results of Information Management have been classified as discontinued operations for all periods presented. Certain costs previously allocated to the Information Management segment that do not qualify for discontinued operations accounting treatment are now reported as costs from continuing operations. Through the close of this transaction, these costs were \$8.8, \$23.6 and \$28.4 for December 31, 2012, 2011 and 2010, respectively. The Company is taking actions to reduce these costs and expects transition services revenue from services provided to the buyer subsequent to completion of the sale to offset a significant portion of these costs. During 2012, we earned \$13.8 in revenue under these transition services agreements. While the transition services agreements vary in duration up to

24 months depending on the type of service provided, our expectation is that we will substantially eliminate the underlying costs as the transition services are completed.

Summarized operating results of the Information Management business are as follows:

	Year Ended December 31,		
	2012	2011	2010
Revenue	\$ 128.8	\$ 328.8	\$ 340.1
Income before tax - Information Management operations ⁽¹⁾	23.7	58.2	59.3
Gain on disposition ⁽²⁾	99.8	—	—
Income before income taxes	123.5	58.2	59.3
Income tax expense:			
Expense related to Information Management operations	7.9	12.4	24.2
Expense related to gain on disposition	83.6	—	—
Income from discontinued operations, net of tax	\$ 32.0	\$ 45.8	\$ 35.1

⁽¹⁾ Excludes costs previously allocated to Information Management that did not meet the criteria for presentation within discontinued operations of \$8.8, \$23.6 and \$28.4 for December 31, 2012, 2011 and 2010, respectively.

⁽²⁾ Includes \$22.8 of transaction costs related to the sale for December 31, 2012.

The major classes of assets and liabilities that were included as part of the Information Management business and presented during these periods as held for sale were as follows:

	December 31,	
	2012	2011
Assets:		
Current assets	\$ —	\$ 87.3
Property and equipment, net	—	21.5
Other assets	—	298.2
Total assets	\$ —	\$ 407.0
Liabilities:		
Current liabilities	—	68.3
Other liabilities	—	51.7
Total liabilities	\$ —	\$ 120.0

Cash flows generated from discontinued operations are presented separately in the Company's Consolidated Statements of Cash Flows.

Finance and Accounting outsourcing line of business (F&A)

In January 2011, the Company completed the sale of F&A for approximately \$10.0. The gain on the sale amounted to \$7.0 before tax, recorded within Other income (expense), net in the Consolidated Statements of Income, and \$4.3 after tax in 2011. The gain on the sale included the elimination of \$2.6 of goodwill and other intangible assets. The results of operations of F&A and the sale of F&A are not material to the Company's results of operations or financial condition and, therefore, are not reflected as discontinued operations for the periods presented.

HR Management

In June 2010, the Company substantially completed the sale of the HR Management line of business to NorthgateArinso, the Human Resource division of Northgate Information Solutions Limited, for approximately \$93.0, net of working capital adjustments. The consideration received at closing consisted of approximately \$78.0 in cash and a zero coupon

note issued by NorthgateArinso in the principal amount of \$15.0. The note is payable in increments of \$5.0 on the second anniversary of closing, which the Company received during 2012, and \$10.0 on the third anniversary of closing. In connection with and at the time of the completion of the sale in June 2010, the Company made cash payments of \$28.2 for certain obligations of the HR Management business, the impact of which is included in cash flows from operating activities of discontinued operations.

The gain on the sale of HR Management recorded in 2010 was \$35.2 pretax and \$5.6 after tax. The sale of HR Management was a taxable transaction that resulted in \$29.6 being recorded for the combined federal, state and foreign income taxes. Subsequently, in 2011, a \$6.5 reduction to the tax on the gain on this transaction was recorded and has been reflected in discontinued operations. Also included in discontinued operations are tax benefits associated with changes in reserves for uncertain tax positions related to previously divested businesses. The gain on the sale included the elimination of \$67.1 of goodwill and intangible assets.

As a result of the sale of the HR Management business, the operating results related to HR Management have been reflected as discontinued operations. For periods prior to June 2010, certain costs previously allocated to the HR Management segment are now included in continuing operations. These costs were \$9.1 for December 31, 2010. Beginning June 1, 2010 the Company began earning transition services revenues for services provided to the buyer under agreements lasting from three to eighteen months. During 2011 and 2010, the Company earned \$14.4 and \$24.0, respectively, in revenue under these transition services agreements subsequent to the close of the sale. These revenues largely offset the related costs described above incurred subsequent to June 1, 2010.

Summarized operating results of the HR Management business are as follows:

	Year Ended December 31,		
	2012	2011	2010
Revenue	\$ —	\$ —	\$ 107.2
Income before tax	—	—	25.3
Gain on disposition	—	—	35.2
Income before income taxes	—	—	60.5
Income tax (benefit) expense:			
(Benefit) expense related to operations and previously divested businesses	(40.4)	—	9.4
Expense (benefit) related to gain (loss) on disposition	—	(6.5)	29.6
Income from discontinued operations, net of tax	\$ 40.4	\$ 6.5	\$ 21.5

4. Earnings (Loss) Per Share and Shareholder's Equity

Earnings (Loss) per Share

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

Shares (in Millions)	Continuing Operations			Discontinued Operations		Total
	Shares	Net Income (Loss)	Per Share Amount	Net Income (Loss)	Per Share Amount	Per Share Amount
2012:						
Basic EPS	112.2 \$	28.2 \$	0.25 \$	72.4 \$	0.65 \$	0.90
Effect of dilutive securities:						
Stock-based compensation arrangements	2.1	—	—	—	(0.01)	(0.01)
2029 Convertible Debentures	2.8	—	(0.01)	—	(0.02)	(0.03)
Diluted EPS	117.1 \$	28.2 \$	0.24 \$	72.4 \$	0.62 \$	0.86
2011:						
Basic EPS	120.2 \$	282.5 \$	2.35 \$	52.3 \$	0.44 \$	2.79
Effect of dilutive securities:						
Stock-based compensation arrangements	2.1	—	(0.05)	—	(0.02)	(0.07)
2029 Convertible Debentures	0.6	—	—	—	—	—
Diluted EPS	122.9 \$	282.5 \$	2.30 \$	52.3 \$	0.42 \$	2.72
2010:						
Basic EPS	123.1 \$	(109.8) \$	(0.89) \$	56.6 \$	0.46 \$	(0.43)
Effect of dilutive securities:						
Stock-based compensation arrangements	—	—	—	—	—	—
2029 Convertible Debentures	—	—	—	—	—	—
Diluted EPS	123.1 \$	(109.8) \$	(0.89) \$	56.6 \$	0.46 \$	(0.43)

The diluted EPS calculation excludes the effect of 1.0, 3.7 and 5.8 of outstanding stock options for the years ended December 31, 2012, 2011 and 2010, respectively, because they are anti-dilutive. The calculation also excludes the effect of 2.2 restricted stock units and 0.2 shares related to the 2029 Convertible Debentures for the year ended December 31, 2010 because they are anti-dilutive. As the Company reported a Net Loss from Continuing Operations for the year ended December 31, 2010, diluted shares outstanding are equivalent to basic shares outstanding.

As described more fully in Note 7, the Company issued approximately \$125.0 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due 2029 (2029 Convertible Debentures) in 2009. The 2029 Convertible Debentures are convertible, subject to certain conditions, into shares of the Company's common stock at an initial conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares per one thousand in principal amount of debentures. The conversion rate will be subject to adjustments for certain events outlined in the indenture governing the Debentures (the Indenture), including payment of dividends.

Shareholders' Equity

The Company repurchased 12.3 shares during the year ended December 31, 2012 at an average price of \$15.04 per share for a total of \$184.4. Based upon timing of transactions, \$3.6 of the shares repurchased had not settled as of December 31, 2012. These shares are excluded from outstanding shares at the end of the year and were settled in cash during the first quarter of 2013. There were 7.7 shares repurchased during the year ended December 31, 2011. Below is a summary of the Company's share repurchases for the years ended December 31, 2012, 2011 and 2010:

2012	12.3	\$	184.4
2011	7.7	\$	96.8
2010	2.4	\$	24.9

At December 31, 2012, the Company has the authority to repurchase an additional \$139.4 of outstanding common shares pursuant to current authorizations. In February 2013, the Company's Board of Directors approved an increase in remaining authorized share repurchases to \$250.0 in the aggregate. The timing and terms of any future transactions will depend on a

number of considerations including market conditions and our liquidity and limits that may be applicable under the covenants in our credit agreement.

The Company also repurchased 0.8 shares at an average price of \$16.51 for aggregate proceeds of \$14.0 subsequent to December 31, 2012 through February 21, 2013.

Preferred Shares

The Company is authorized to issue up to 5.0 preferred shares, of which 4.0 would have voting rights. At December 31, 2012 and 2011, there were no preferred shares outstanding.

Dividends

On May 8, 2012, the Company announced that its Board of Directors declared an initial cash dividend of \$0.05 per share. The initial cash dividend was paid on July 6, 2012 to all shareholders of record as of June 22, 2012. On July 26, 2012, the Company announced that its Board of Directors declared a cash dividend of \$0.05 per share, which was paid on October 5, 2012 to all shareholders of record as of September 21, 2012. On October 23, 2012, the Company announced that its Board of Directors declared a cash dividend of \$0.05 per share, which was paid on January 4, 2013 to all shareholders of record as of December 21, 2012. On February 7, 2013, the Company announced that the Board of Directors raised the dividend 20 percent to \$0.06 per share. The dividend payment of \$0.06 is scheduled to be made on April 5, 2013 to shareholders of record at the close of business on March 22, 2013. The Board expects that future cash dividends will be paid on a quarterly basis. However, any decision to pay future cash dividends will be subject to Board approval, and will depend on the Company's future earnings, cash flow, financial condition, financial covenants and other relevant factors.

5. Investment in Cellular Partnerships

On July 1, 2011, the Company completed the sale of its 33.8% limited partnership interest in the Cincinnati SMSA Limited Partnership and its 45.0% limited partnership interest in the Cincinnati SMSA Tower Holdings LLC (collectively referred to as the Cellular Partnerships) to AT&T. AT&T is the general and a limited partner of both Cincinnati SMSA Limited Partnership and Cincinnati SMSA Tower Holdings LLC with partnership interests prior to Convergys' sale of its interests of approximately 66% and 53%, respectively. The Company received approximately \$320.0 in cash proceeds upon closing. The Company's interests in the Cellular Partnerships did not qualify as discontinued operations; therefore, the gain has been reported within income from continuing operations and no reclassification of prior results is required. The gain on sale of its interests in the Cellular Partnerships was \$265.0, or \$171.8 net of tax. Prior to the sale, the Company accounted for its interest in the Cellular Partnerships under the equity method of accounting.

Since the Cellular Partnerships were organized as limited partnerships, the partners are responsible for income taxes applicable to their share of taxable income generated by the Cellular Partnerships. The net income of the Cincinnati SMSA Limited Partnership reflected in the following table does not include any provision for income taxes incurred by the partners.

	Year Ended December 31,		
	2012	2011	2010
Revenues	\$ —	\$ 359.8	\$ 653.5
Income from operations	—	61.2	124.1
Net income	—	60.8	120.9

The Company's equity in earnings of equity method investees for the three years ended December 31, 2012, 2011 and 2010, respectively, is as follows:

	Year Ended December 31,		
	2012	2011	2010
Convergys' equity in earnings of Cincinnati SMSA Limited Partnership	\$ —	\$ 20.5	\$ 46.1
Convergys' equity in earnings of Cincinnati SMSA Tower Holdings LLC	—	0.9	1.1
Transaction costs related to the sale of Convergys' interests in Cellular Partnerships	—	(1.2)	—
Gain on sale of Convergys' interests in Cellular Partnerships	—	265.0	—
Total earnings and gain from Cellular Partnerships, net	\$ —	\$ 285.2	\$ 47.2

6. Goodwill and Other Intangible and Long-Lived Assets

Goodwill

The Company tests goodwill for impairment annually as of October 1 and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable. Goodwill impairment

testing is performed at the reporting unit level, one level below the business segment. The Company's reporting units are Customer Management - Live Agents and Customer Management - Customer Interaction Technology (CIT).

Completion of the sale of the Information Management business qualified as a triggering event for an interim assessment of goodwill impairment during the second quarter of 2012 for the Company's Information Management and CIT reporting units. Based upon the purchase price for the Information Management business, the triggering event did not indicate an impairment of the Information Management reporting unit.

The sale of the Information Management business impacted the sale of certain products developed by the CIT reporting unit and co-marketed by CIT and the Information Management business. Due in part to this transition, the fair value of the CIT reporting unit was determined to be less than its carrying value. The conclusion of step two of the impairment analysis resulted in the impairment of the entire \$46.0 goodwill balance of this reporting unit. The Company, therefore, recorded a \$46.0 (\$44.4 net of tax) goodwill impairment charge, included within the asset impairment caption in the accompanying Consolidated Statements of Income for the year ended December 31, 2012. Fair value was determined based on discounted cash flow analysis which contains significant unobservable inputs that fall within Level 3 of the fair value hierarchy under U.S. GAAP.

The most recent annual impairment test performed as of October 1, 2012, indicated that the fair value of the Customer Management - Live Agents reporting unit was substantially in excess of its carrying values. Despite that excess, however, impairment charges could still be required if a divestiture decision were made or other significant economic event were made or occurred with respect to the reporting units. Subsequent to our October 1, 2012 annual impairment test, no indications of an impairment were identified.

Below is a progression of goodwill for 2012 and 2011:

Balance at December 31, 2010	\$	624.1
Acquisitions		—
Impairment		—
Foreign currency and other		(2.6)
Balance at December 31, 2011	\$	621.5
Acquisitions		—
Impairment		(46.0)
Foreign currency and other		2.2
Balance at December 31, 2012	\$	577.7

Accumulated goodwill impairment charges at December 31, 2012 and 2011 were \$212.5 and \$166.5, respectively.

Other Intangible Assets

The Company's other intangible assets, primarily acquired through business combinations, are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts. No impairment charges were recognized in any period presented. As of December 31, 2012 and 2011, the Company's other intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
2012:			
Software (classified with Property, Plant & Equipment)	\$ 41.3	\$ (26.5)	\$ 14.8
Trademarks	10.0	(10.0)	—
Customer relationships and other intangibles	119.5	(100.6)	18.9
Total	\$ 170.8	\$ (137.1)	\$ 33.7
2011			
Software (classified with Property, Plant & Equipment)	\$ 41.3	\$ (21.8)	\$ 19.5
Trademarks	10.0	(8.3)	1.7
Customer relationships and other intangibles	119.5	(95.9)	23.6

Total	\$	170.8	\$	(126.0)	\$	44.8
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The intangible assets are being amortized using the following amortizable lives: 5 to 8 years for software, 4 years for

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trademarks and 7 to 12 years for customer relationships and other intangibles. The remaining weighted average depreciation period for software is 3.5 years. The remaining weighted average amortization period for trademarks, customer relationships and other intangibles is 6.3 years. Amortization of software is included within depreciation expense as the underlying assets are classified within property, plant and equipment.

Customer relationships, trademarks and other intangibles amortization expense was \$6.3 for the year ended December 31, 2012 and the related estimated expense for the five subsequent fiscal years is as follows:

For the year ended 2013	\$	5
For the year ended 2014		3
For the year ended 2015		2
For the year ended 2016		2
For the year ended 2017		2
Thereafter		5

Long-Lived Assets

The Company evaluates its property, plant and equipment when events or circumstances indicate a possible inability to recover their carrying amounts. During 2012, the Company committed to a plan to sell its Corporate office facilities in Cincinnati, Ohio. At December 31, 2012, the property met the "Held-for-Sale" criteria set forth in U.S. GAAP, resulting in classification of \$34.6 of property, plant and equipment as Held-for-Sale; the book value was adjusted to its fair value less costs to sell, resulting in an impairment charge of \$42.6 (\$27.0 after tax) recorded within the asset impairments caption in the accompanying Consolidated Statements of Income. Fair value was determined based on discounted cash flow analysis which contains significant unobservable inputs that fall within Level 3 of the fair value hierarchy under U.S. GAAP.

7. Debt

Debt consists of the following:

	At December 31,	
	2012	2011
Revolving credit facility	\$ —	\$ —
2029 Convertible Debentures	58.4	57.5
Capital Lease Obligations	2.2	58.7
Accounts Receivable Securitization	—	—
Other	—	10.9
Total debt	60.6	127.1
Less current maturities	0.7	6.2
Long-term debt	\$ 59.9	\$ 120.9
Weighted average effective interest rates:		
Revolving credit facility	—%	2.9%
Accounts Receivable Securitization	—%	2.2%
2029 Convertible Debentures	6.5%	6.4%
Other	3.4%	3.4%

On March 11, 2011, the Company entered into a \$300 Four-Year Competitive Advance and Revolving Credit Facility Agreement (the 2011 Credit Facility). The 2011 Credit Facility replaced the Company's \$400 Five-Year Competitive Advance and Revolving Credit Facility (the Prior Credit Facility), dated as of October 20, 2006 and as amended subsequently, among Convergys and a group of financial institutions. In connection with Convergys' entry into the New Credit Facility, Convergys terminated the Prior Credit Facility.

Convergys has two borrowing options available under the New Credit Facility: (i) a competitive advance option which will be provided on an uncommitted competitive advance basis through an auction mechanism and (ii) a revolving credit option which will be provided on a committed basis. Under each option, amounts borrowed and repaid may be re-borrowed subject to availability. Borrowings under the New Credit Facility bear interest at the rates described in the New Credit Facility. The

New Credit Facility includes certain restrictive covenants including maintenance of interest coverage and debt-to-EBITDA ratios (as defined in the New Credit Facility). The Company's interest coverage ratio

cannot be less than 4.00 to 1.00 as determined on a rolling four quarter basis. The Company's debt-to-EBITDA ratio cannot be greater than 3.00 to 1.00 until December 31, 2012 and 2.75 to 1.00 after December 31, 2012. The New Credit Facility also contains customary representations and warranties. In the event of default, the lenders may terminate the commitments and declare the amounts outstanding, and all accrued interest, immediately due and payable. The maturity date of the New Credit Facility is March 11, 2015 except that upon satisfaction of certain conditions, Convergys may extend the maturity date by one year twice during the term. Convergys will pay an annual facility fee regardless of utilization. At December 31, 2012, the facility was undrawn. The Company was in compliance with all covenants at December 31, 2012.

In December 2004, the Company issued \$250.0 in 4.875% Unsecured Senior Notes (4.875% Senior Notes) due December 15, 2009. During 2009, the Company announced an exchange offer (Exchange Offer) for up to \$122.5 aggregate principal amount of its outstanding 4.875% Senior Notes. Under the terms of the Exchange Offer, the Company offered to exchange one thousand twenty dollars in principal amount of its new 5.75% Junior Subordinated Convertible Debentures due 2029 (2029 Convertible Debentures) for each one thousand dollars in principal amount of its 4.875% Senior Notes. Upon settlement of the Exchange Offer on October 13, 2009, the Company issued a total of \$125.0 aggregate principal amount of the 2029 Convertible Debentures in exchange for \$122.5 of the 4.875% Senior Notes.

The 2029 Convertible Debentures are convertible, subject to certain conditions, into shares of the Company's common stock at an initial conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares of the Company's common stock per one thousand dollars in principal amount of debentures. Upon conversion, the Company will pay cash up to the aggregate principal amount of the 2029 Convertible Debentures and settle the remainder of the debentures in cash or stock at the Company's option.

The conversion rate will be subject to adjustment for certain events outlined in the indenture governing the debenture (the Indenture). The conversion rate will increase for a holder who elects to convert the debenture in connection with certain share exchanges, mergers or consolidations involving the Company, as described in the indenture.

The Company may not redeem the 2029 Convertible Debentures prior to September 15, 2019, except if certain U.S. federal tax legislation, regulations or rules are enacted or are issued. On or after September 15, 2019, the Company may redeem for cash all or part of the 2029 Convertible Debentures for the principal amount, plus any accrued and unpaid interest, if the last closing price of the Company's common shares has been at least 150% of the applicable conversion price for at least 20 trading days immediately prior to the date on which the Company provides notice of redemption. Holders may convert their 2029 Convertible Debentures prior to the close of business on the business day immediately preceding September 15, 2028, if certain market conditions related to the trading price of the Company's common shares and 2029 Convertible Debentures occur. On or after September 15, 2028, holders may convert their 2029 Convertible Debentures at the option of the holder regardless of the foregoing circumstances. Holders may also convert if the Company calls any or all of the 2029 Convertible Debentures for redemption prior to the maturity date. The conversion rate will equal 100% of the principal amount of the 2029 Convertible Debentures to be redeemed, plus accrued and unpaid interest and will be subject to adjustment for certain events outlined in the Indenture. If certain events occur in the future, the Indenture provides that each holder of the debentures can, for a pre-defined period of time, require the Company to repurchase the holder's debentures for the principal amount plus any accrued and unpaid interest. The Company concluded that the indentures are not conventional convertible debt instruments and that the embedded stock conversion option qualifies as a derivative. Under the appropriate authoritative guidance, the Company further concluded that the option is indexed to the Company's stock and does not require bifurcation from the host instrument. Therefore, the embedded conversion option is not accounted for separately as a derivative.

The 2029 Convertible Debentures, which pay a fixed rate of interest semi-annually, have a contingent interest component that will require the Company to pay interest based on the trading price of the debentures exceeding a specified threshold at specified times, commencing on September 15, 2019, as outlined in the Indenture. The maximum amount of contingent interest that will accrue is 0.75% per annum of the average trading price of the debentures during the periods specified in the Indenture. The fair value of this embedded derivative was not significant at December 31, 2012 and 2011.

At the date of issuance, the Company recognized the liability component of the 2029 Convertible Debenture at its fair value of \$56.3. The liability component was recognized as the fair value of a similar instrument that did not have a conversion feature at issuance. The equity component, which was the value of the conversion feature at issuance,

was recognized as the difference between the proceeds from the issuance of the debentures and the fair value of the liability component, after adjusting for the initial deferred tax impact of \$32.7. The 2029 Convertible Debentures were issued at a coupon rate of 5.75%, which was below that of a similar instrument that does not have a conversion feature. Therefore, the valuation of the debt component, using the income approach, resulted in a debt discount. The debt discount is being amortized over the life of a similar debt instrument without a conversion feature, which the Company determined to equal the contractual maturity of the 2029 Convertible Debentures. Amortization is based upon the effective interest rate method and is included within the interest expense caption in the accompanying Consolidated Statements of Income.

As of December 31, 2012, the 2029 Convertible Debentures "if-converted" value was \$171.5. Based on quoted market prices at December 31, 2012, the fair value of the Company's 2029 Convertible Debentures is \$206.8.

During June 2011, the Company extended the terms of an asset securitization facility collateralized by accounts receivable of certain of the Company's subsidiaries, with a purchase limit to \$150.0 expiring in June 2014. The asset securitization program is conducted through Convergys Funding Inc., a wholly-owned bankruptcy remote subsidiary of the Company. As of December 31, 2012 and December 31, 2011, this facility was undrawn.

Prior to the second quarter of 2012, the Company leased an office complex in Orlando, Florida. In the second quarter of 2012, the Company exercised its option to purchase its leased office facility by discharging the related lease financing obligation in the aggregate principal amount of \$55.0. Total capital lease obligations subsequent to the purchase were \$2.2 at December 31, 2012 compared to \$58.7 at December 31, 2011.

Other debt of \$10.9 at December 31, 2011 consisted of miscellaneous domestic and international borrowings.

At December 31, 2012, future minimum payments of the Company's debt and capital lease arrangements are as follows:

2013	\$	0.7
2014		1.3
2015		0.2
2016		—
2017		—
Thereafter		125.0
Total	\$	127.2

8. Restructuring

2012 Restructuring

During 2012, the Company recorded restructuring charges of \$11.6, consisting of \$11.4 of severance-related charges and \$0.2 of facility-related charges, as described below. The \$11.4 of severance-related charges is expected to impact approximately 100 professional employees and reflects the changes in the Company's executive management team and realignment of Corporate overhead as a result of the sale of the Information Management business. These severance-related charges are expected to be substantially paid in cash by March 31, 2013 pursuant to the Company's severance policies. The total remaining liability under this severance-related restructuring plan, which is included within Payables and other current liabilities on the Company's Consolidated Balance Sheets was \$5.2 as of December 31, 2012.

2011 Restructuring

During 2011, the Company initiated operational changes that resulted in severance costs of \$1.2 largely to reduce headcount and align resources to future business needs. These severance actions impacted approximately 50 professional employees worldwide and charges were largely paid in cash pursuant to the Company's existing severance policy and employment agreements. These actions were substantially completed by the end of 2011. The liability under this plan was fully settled at December 31, 2012.

2010 Restructuring

During 2010, the Company initiated a restructuring plan and incurred a total charge of \$28.7 consisting of \$19.4 of severance-related charges and \$9.3 of facility-related charges. The \$19.4 of severance-related charges were largely to reduce headcount and align resources to business needs and to further simplify operations to reflect the impact of



the sale of the HR Management line of business. The severance charge of \$19.4 was largely paid in cash pursuant to the Company's existing severance policy and employment agreements. These actions affected approximately 1,000 professional employees and approximately 1,400 non-salaried employees worldwide and were substantially completed by the end of 2011. The facility-related charge of \$9.3 relates to lease rent accruals and penalties for properties that have closed as the result of consolidating facilities and shifting capacity. The charge is equal to the future costs associated with the facility, net of proceeds from any probable future sublease agreements. The fair value measurement utilized internal discounted cash flows, which is a Level 3 input. The Company used estimates, based on consultation with the Company's real estate advisors, to determine the proceeds from any future sublease agreements. The Company will continue to evaluate these estimates in recording the facilities abandonment charge. Consequently, there may be additional reversals or charges relating to these facility closures in the future. Therefore, facility-related reserves are maintained on a facility basis rather than a restructuring charge event basis. The severance liability under this plan was fully settled at December 31, 2012.

Facilities Restructuring

During 2012, the Company recognized \$0.2 of incremental facility-related restructuring charges due to a change in estimate for a previously closed facility. The Company's facilities restructuring reserves are equal to the estimated future costs associated with the facilities, net of proceeds from any probable future sublease agreements. The Company uses estimates, based on consultation with the Company's real estate advisors, to determine the proceeds from any future sublease agreements. The Company continues to evaluate these estimates in recording the facilities abandonment charge. Restructuring liability for the facilities plans, the balance of which is included in Payables and other current liabilities on the Company's Consolidated Balance Sheets, consisted of the following:

	2012	2011	2010
Balance at January 1	\$ 0.5	\$ 4.9	\$ 1.2
Facility charge	0.2	—	9.3
Facility payment	(0.4)	(4.4)	(5.6)
Balance at December 31	\$ 0.3	\$ 0.5	\$ 4.9

9. Employee Benefit Plans

Pensions

The Company sponsors a frozen defined benefit pension plan, which includes both a qualified and non-qualified portion, for all eligible employees (the cash balance plan) in North America and an unfunded defined benefit plan for certain eligible employees in the Philippines (collectively, the defined benefit plans). The Company also sponsors a non-qualified, unfunded executive deferred compensation plan and a supplemental, non-qualified, unfunded plan for certain senior executives (the executive pension plans). As further described in Note 12, "Financial Instruments," in December 2011, the Company made investments in certain securities which are held in a grantor trust for the benefit of participants of the executive deferred compensation plan. This investment was made in securities reflecting the hypothetical investment balances of plan participants. The pension benefit formula for the cash balance plan is determined by a combination of compensation and age-based credits and annual guaranteed interest credits. Benefits for the executive deferred compensation plan are based on employee deferrals, matching contributions and investment earnings on participant accounts. 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 the prescribed methods in accordance with the Pension Protection Act of 2006.

Based on the funded status of the cash balance plan and mandatory legislative requirements under the Pension Protection Act, beginning April 29, 2009, lump sum payments from the cash balance plan have been partially restricted. In December 2012, the Company made contributions to the plan to satisfy funding requirements for 2013. Subsequently, on January 18, 2013, the Company received an Adjusted Funding Target Attainment Percentage (AFTAP) certification stating that the 2013 AFTAP for the defined benefit plan is 80 percent or higher. Accordingly, limitations on accelerated benefit distributions and benefit accruals no longer apply as of the date of the certification. As a result of this certification, the Company anticipates a high volume of lump sum distributions in 2013, which may result in pension settlement charges. During 2012, the Surface Transportation Extension Act, also referred to as the Moving Ahead for Progress in the 21st Century Act, was signed into law, and included pension funding stabilization provisions. The Company has evaluated the provisions of the new law and expects no material impacts. 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 and other amounts recognized in other comprehensive income (loss) for the defined benefit plans are as follows:

	Year Ended December 31,		
	2012	2011	2010
Service cost	\$ 3.7	\$ 2.8	\$ 2.6
Interest cost on projected benefit obligation	11.6	12.0	12.1
Expected return on plan assets	(11.6)	(11.4)	(12.3)
Amortization and deferrals—net	17.2	8.7	6.6
Curtailed benefit	(0.2)	—	—
Settlement charge	6.8	—	6.8
Total pension cost	\$ 27.5	\$ 12.1	\$ 15.8
Other comprehensive income (loss)	\$ (11.8)	\$ (29.5)	\$ (1.3)

During the twelve months ended December 31, 2012, the Company recognized a \$0.2 curtailment benefit and a \$6.8 settlement loss related to the impact of the sale of the Information Management business. The settlement loss of \$6.8 in 2010 resulted from the benefit payments exceeding the sum of the service cost and interest cost. Pension cost for the defined benefit plans related to discontinued operations included in the table above for the years ended December 31, 2012, 2011 and 2010 is \$1.6, \$3.0 and \$1.6, respectively.

The reconciliation of the defined benefit plans' projected benefit obligation and the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 252.5	\$ 224.3
Service costs	3.7	2.8
Interest cost	11.6	12.0
Actuarial loss	22.2	28.9
Curtailed (gain) loss	(3.8)	—
Benefits paid	(20.7)	(14.5)
Plan amendment	—	(1.0)
Benefit obligation at end of year	\$ 265.5	\$ 252.5
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 140.4	\$ 134.1
Actual return on plan assets	18.7	—
Employer contribution	33.3	20.8
Benefits paid	(20.7)	(14.5)
Fair value of plan assets at end of year	\$ 171.7	\$ 140.4
Funded status	\$ (93.8)	\$ (112.0)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Non-current liability	\$ 93.8	\$ 112.0
Accumulated other comprehensive income (loss)	\$ (102.4)	\$ (114.1)

Accumulated other comprehensive loss at December 31, 2012 and 2011 includes unrecognized actuarial losses of \$102.4 (\$63.9 net of tax) and \$114.1 (\$71.2 net of tax), respectively. The actuarial loss included in accumulated other comprehensive loss that is expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2013 is \$13.0. The accumulated benefit obligation for the defined benefit plans was \$265.5 and \$252.5 at December 31, 2012 and 2011, respectively.

Estimated future benefit payments from the defined benefit plans are as follows:

2013	\$	39.0
2014		12.3
2015		13.4
2016		14.3
2017		15.7
2018 - 2022		85.3
Total	\$	180.0

Components of pension cost and other amounts recognized in other comprehensive income (loss) for the unfunded executive pension plans are as follows:

	Year Ended December 31,		
	2012	2011	2010
Service cost	\$ —	\$ 0.7	\$ 0.9
Interest cost on projected benefit obligation	1.0	1.3	2.0
Amortization and deferrals—net	(0.2)	(0.1)	(0.1)
Curtailment (benefit) loss, net	0.1	(2.4)	1.8
Settlement (gain) loss	(0.2)	—	1.4
Total pension (benefit) cost	\$ 0.7	\$ (0.5)	\$ 6.0
Other comprehensive income (loss)	\$ 1.9	\$ 1.3	\$ (3.1)

In 2012, the Company recognized a settlement gain of \$0.2 under the executive pension plan. The settlement gain was partially offset by a \$0.1 curtailment loss related to the impact of the sale of the Information Management line of business and subsequent corporate restructuring initiatives. In 2011, the Company froze the executive deferred compensation plan and recognized a \$0.9 curtailment benefit. The Company also recognized a \$1.5 curtailment benefit during 2011 related to the resignation of a senior executive. The Company recognized a \$2.2 curtailment loss during 2010 related to the termination of employment of the President and Chief Executive Officer of the Company. The curtailment loss was partially offset by a \$0.4 curtailment benefit related to the termination of employment of a senior executive. The Company also recognized a settlement loss related to the CEO transition of \$1.4 upon payment of benefits under the unfunded executive pension plan.

The reconciliation of the unfunded executive pension plans' projected benefit obligation for the years ended December 31, 2012 and 2011 is as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 24.6	\$ 33.2
Service cost	—	0.7
Interest cost	1.0	1.3
Actuarial loss (gain)	1.1	(1.9)
Curtailment loss (benefit)	0.5	(2.5)
Benefits paid	(6.1)	(6.2)
Benefit obligation at end of year	\$ 21.1	\$ 24.6
Funded status	\$ (21.1)	\$ (24.6)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Current liability	\$ 8.8	\$ 6.2
Non-current liability	12.3	18.4
Accumulated other comprehensive income (loss)	\$ 2.3	\$ 4.1

Total benefits paid of \$6.1 were made via employer contributions.

Included in accumulated other comprehensive loss at December 31, 2012 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized actuarial gain of \$2.3 (\$1.4 net of tax). Included in accumulated other comprehensive loss at December 31, 2011 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service credits of \$0.3 (\$0.2 net of tax) and unrecognized actuarial gain \$3.8 (\$2.4 net of tax). The accumulated benefit obligation for the unfunded executive pension plans was \$21.1 and \$24.6 at December 31, 2012 and 2011, respectively. The prior service cost expected to be recognized in net periodic pension cost during the year ending December 31, 2013 is \$0.3.

Estimated future benefit payments from the unfunded executive plans are as follows:

2013	\$	8.8
2014		2.0
2015		1.6
2016		1.3
2017		0.6
2018 - 2022		3.2
Total	\$	17.5

The following weighted-average rates were used in determining the benefit obligations at December 31:

	2012		2011			
Discount rate—projected benefit obligation	3.00%	-	6.20%	4.25%	-	7.80%
Future compensation growth rate	4.00%	-	4.50%	4.00%	-	5.50%
Expected long-term rate of return on plan assets	7.50%	-	8.00%	7.50%	-	8.00%

The following weighted-average rates were used in determining the pension cost for all years ended December 31:

	2012		2011		2010				
Discount rate—projected benefit obligation	4.25%	-	6.20%	5.20%	-	7.80%	5.50%	-	6.00%
Future compensation growth rate	4.00%	-	4.50%	4.00%	-	5.50%	4.00%	-	5.00%
Expected long-term rate of return on plan assets	7.50%	-	8.00%	7.50%	-	8.00%	8%		

The range of discount rates utilized in determining the pension cost and projected benefit obligation of the Company's defined benefit plans reflects a lower prevalent rate applicable to the frozen cash balance plan for eligible employees in North America and a higher applicable rate for the unfunded defined benefit plan for certain eligible employees in the Philippines.

As of December 31, 2012 and 2011, plan assets for the cash balance plan consisted of Convergys common stock, an equity fund and common/collective trusts (of which approximately 62% are invested in equity backed funds and 38% in funds invested in fixed income instruments, including cash). At December 31, 2012, the Company's targeted allocation was 67% equity and 33% fixed income. Plan assets for the cash balance plan included \$4.7 and \$3.7 of the Company's common shares at December 31, 2012 and 2011, respectively. The investment objectives for the plan assets are to generate returns that will enable the plan to meet its future obligations. The Company's expected long-term rate of return was determined based on the asset mix of the plan, past performance and other factors. The Company contributed \$31.4 and \$19.7 in 2012 and 2011, respectively, to fund its cash balance plan in order to satisfy its Employee Retirement Income Security Act of 1974 (ERISA) funding requirements. The current year contribution includes \$20.0 contributed in December 2012 to satisfy the 2013 funding requirement. Therefore, the Company currently expects to make an additional \$0.2 in contributions in 2013 to fund its cash balance plan. No plan assets are expected to be returned to the Company during 2013.

The following table sets forth by level, within the fair value hierarchy, the cash balance plan's assets at fair value as of December 31, 2012 and 2011:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Common/Collective trusts	\$ 162.7	\$ —	\$ 162.7	\$ —
Convergys common stock	4.7	4.7	—	—
Equity fund	4.3	—	—	4.3
Total investments	\$ 171.7	\$ 4.7	\$ 162.7	\$ 4.3

	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Common/Collective trusts	\$ 132.8	\$ —	\$ 132.8	\$ —
Convergys common stock	3.7	3.7	—	—
Equity fund	3.9	—	—	3.9
Total investments	\$ 140.4	\$ 3.7	\$ 132.8	\$ 3.9

For additional information on the fair value hierarchy, see Note 13.

The Company's pension plan holds level 2 investments in common/collective trust funds that are public investment vehicles valued using a net asset value (NAV) provided by the manager of each fund. The NAV is based on the underlying net assets owned by the fund, divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that may not be active. However, the NAV is based on the fair value of the underlying securities within the fund, which are traded on an active market, and valued at the closing price reported on the active market on which those individual securities are traded. The significant investment strategies of the funds are as described in the financial statements provided by each fund. There are no restrictions on redemptions from these funds.

The Company's pension plan holds Level 3 investments within equity funds which primarily invests in domestic early stage capital funds. The fair value of these investments is based on the net asset value per share of the fund. The pension plan has approximately \$0.2 in future funding requirements associated with this investment. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement. The following table provides a reconciliation of the beginning and ending balances for the Level 3 assets:

	Year Ended December 31	
	2012	2011
Balance, beginning of year	3.9	3.4
Unrealized gains relating to instruments still held at the reporting date	0.4	0.4
Purchases	—	0.1
Balance, end of year	\$ 4.3	\$ 3.9

Savings Plans

The Company sponsors a defined contribution plan covering substantially all U.S. employees. The Company's contributions to the plan are based on matching a portion of the employee contributions. In 2011, the Company's matching contribution changed from 100% of the first 5% to 100% of the first 3% of eligible employee contributions. As a result, total Company contributions to the defined contribution plan were \$6.7 in 2012 compared to \$9.5 and \$15.1 for 2011 and 2010, respectively. Plan assets for these plans included 1.5 (\$25.3) and 2.0 (\$26.0) of Company's common shares at December 31, 2012 and 2011, respectively.

Employee Postretirement Benefits Other Than Pensions

The Company sponsors postretirement health and life insurance plans for certain eligible employees. The plan provides eligible employees and retirees with the opportunity to direct an amount of their compensation or pension benefits to

cover medical, dental and life insurance programs of their choice for their benefit and the benefit of their dependents. The plan covers both active and retired eligible employees of the Company and its subsidiaries. Employees' eligibility to participate in the plan is based upon their date of hire. During the second quarter of 2011, the Company amended certain components of the postretirement health and life insurance plans to reduce certain benefits. The plan amendments constitute negative amendments. As a result of the plan amendments, the accumulated postretirement benefit obligation decreased approximately \$20 from December 31, 2010, the impact of which will be recognized as a reduction to net periodic benefit cost over the remaining future service years of the active participants over a weighted-average period of approximately 3 years. During 2012, the Company recognized a \$3.8 curtailment benefit related to these plans as a result of the sale of the Information Management business.

The Company funds life insurance benefits of certain retirees through a Voluntary Employee Benefit Association (VEBA) trust. Contributions to the plan consist of (1) compensation or pension benefit deductions that the participant directs the Company, which is also the Plan Sponsor, to deposit into the plan on their behalf based on the coverage the participant has elected under the plan, and (2) amounts the Company pays to the plan that are in excess of the participant-directed deductions. Contributions to the VEBA are subject to IRS limitations developed using the aggregate cost method. At December 31, 2006, the Company eliminated the postretirement life insurance plan benefits for non-retirement eligible employees. The Company's postretirement benefit plan (benefit) cost was \$(9.5), \$(3.4), and \$0.5 for 2012, 2011 and 2010, respectively. The amounts included within accumulated other comprehensive loss related to these benefits were \$6.6 and \$14.9 at December 31, 2012 and 2011, respectively.

Components of other post-employment benefit plan cost and other amounts recognized in other comprehensive income (loss) for the postretirement health and life insurance plans are as follows:

	2012	2011	2010
Service cost	\$ —	\$ 0.2	\$ 0.4
Interest cost on projected benefit obligation	0.3	0.9	1.4
Expected return on plan assets	(0.5)	(0.5)	(0.6)
Amortization and deferrals—net	(5.5)	(4.0)	(0.7)
Curtailment benefit	(3.8)	—	—
Total other post-employment benefit plan (benefit) cost	\$ (9.5)	\$ (3.4)	\$ 0.5
Other comprehensive income (loss)	\$ (8.3)	\$ 14.1	\$ (2.0)

The reconciliation of the postretirement health and life insurance plan's projected benefit obligation and the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 8.6	\$ 27.1
Service cost	—	0.2
Interest cost	0.3	0.9
Plan amendment	—	(16.8)
Actuarial (gain) loss	(0.8)	(1.8)
Curtailment	(0.6)	—
Part D subsidy	—	0.1
Benefits paid	(0.6)	(1.1)
Benefit obligation at end of year	\$ 6.9	\$ 8.6
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 7.0	\$ 7.2
Actual return on plan assets	0.1	0.2
Employer contribution	(0.5)	0.7
Benefits paid	(0.6)	(1.1)
Fair value of plan assets at end of year	\$ 6.0	\$ 7.0
Funded status	\$ (0.9)	\$ (1.6)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Non-current assets	\$ 1.8	\$ 3.3
Current liability	0.3	0.5
Non-current liability	2.4	4.4
Accumulated other comprehensive income (loss)	\$ (6.6)	\$ 14.9

Estimated future benefit payments from the postretirement health and life plan are as follows:

2013	\$ 0.5
2014	0.4
2015	0.5
2016	0.5
2017	0.5
2018 - 2022	2.5
Total	\$ 4.9

Plan assets for the postretirement health and life plan of \$6.0 and \$7.0 at December 31, 2012 and 2011, respectively, are comprised of money market accounts, a Level 1 asset. The Company expects to make \$0.3 in contributions in 2013 to fund its post retirement health and life plan. No plan assets are expected to be returned to the Company during 2013.

Assumed health care cost trend rates were capped for all participants following the plan amendments during the second quarter of 2011.

10. Stock-Based Compensation Plans

At December 31, 2012, the Company had 38.0 common shares that were authorized for issuance under the Convergys Corporation 1998 Long-Term Incentive Plan (Convergys LTIP), as amended on January 28, 2011. The Company granted stock options in 2012 and 2011 with exercise prices that are no less than market value of the stock at the grant date and have a ten-year term and vesting terms of two to three years. Stock options granted in 2010 were fully vested at the time they were granted. The Company also grants certain employees and Directors restricted stock units. The restricted stock units do not possess dividend or voting rights and consist of both time-related and performance-related units. The restrictions for the time-related restricted stock units generally lapse two to three years after the grant date. The performance-related units vest upon the Company's satisfaction of certain financial targets. Performance-related units that have not vested by the end of two years from the grant date (i.e., the performance conditions for vesting of those units have not been met within that period) are forfeited.

The following table shows certain information as of December 31, 2012, with respect to compensation plans under which common shares are authorized for issuance:

	Number of Common Shares to be Issued Upon Exercise	Weighted Average Exercise Price	Common Shares Available for Future Issuance
Equity compensation plans approved by shareholders			
Stock options	1.2	\$ 12.91	—
Restricted stock units	2.5	—	—
	3.7	\$ 12.91	10.2

The Company's operating results reflect long-term incentive plan expense of \$21.0, \$17.0 and \$14.8 for the years ended December 31, 2012, 2011 and 2010, respectively. Long-term incentive plan expense related to discontinued operations for these periods was \$1.4, \$2.6, and \$3.2, respectively. Long-term incentive plan expenses include: (a) incentive plan expense that is paid in cash based on relative shareholder return, and (b) stock compensation expense. Stock compensation expense for the years ended December 31, 2012, 2011 and 2010 was \$21.6, \$17.4 and \$15.3, respectively.

Stock Options

Presented below is a summary of Company stock option activity:

Shares (in Millions)	Shares	Weighted Average Exercise Price
Options outstanding at January 1, 2010	7.8	\$ 32.21
Options exercisable at January 1, 2010	7.8	32.21
Granted	0.3	10.88
Exercised	—	11.74
Forfeited	(2.4)	31.14
Options outstanding at December 31, 2010	5.7	\$ 31.66
Options exercisable at December 31, 2010	5.7	\$ 31.66
Granted	0.7	13.79
Exercised	(0.2)	11.68
Forfeited	(2.3)	41.50
Options outstanding at December 31, 2011	3.9	\$ 23.90
Options exercisable at December 31, 2011	3.2	\$ 25.97
Granted	0.7	12.79
Exercised	(1.0)	11.62
Forfeited	(2.4)	31.33
Options outstanding at December 31, 2012	1.2	\$ 12.91
Options exercisable at December 31, 2012	0.3	\$ 11.86

Approximately one-half of the stock options granted during 2012 and 2011 vest in two years and the remaining vest in three years. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. For the 2012 grants, the weighted average fair value at grant date of \$3.43 per option granted included assumptions of a strike price of \$12.79, a 30.74% implied volatility, an expected term of 4.5 years, a risk-free rate of 0.76%, and a dividend yield of 0.00%. These 2012 option grants resulted in stock compensation expense of \$0.7 in 2012. For the 2011 grants, the weighted average fair value at grant date of \$4.06 per option granted included assumptions of a strike price of \$13.79, a 31.11% implied volatility, an expected term of 4.5 years, a risk-free rate of 2.12%, and a dividend yield of 0.00%. These 2011 option grants resulted in stock compensation expense of \$0.3 in 2012 and \$1.0 in 2011. Stock options were granted during 2010 that were fully vested at the time they were granted, resulting in compensation cost of approximately \$1.1. Expected volatility is based on the unbiased standard deviation of the Company's common stock over the option term. The expected life of the options represents the period of time that the Company expects the options granted to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant of the option for the expected term of the instrument. The dividend yield reflects

an estimate of dividend payouts over the term of the award.

The weighted average grant date fair value per share for the outstanding and exercisable options at December 31, 2012 was \$4.73 and \$3.99, respectively.

The following table summarizes the status of the Company stock options outstanding and exercisable at December 31, 2012:

Shares (in Millions)	Options Outstanding			Options Exercisable		
	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
Range of Exercise Prices						
\$0.0 to \$11.55	0.2	1.2	\$ 11.20	0.2	1.2	\$ 11.20
\$11.56 to \$21.81	1.0	7.7	13.25	0.1	0.1	13.12
Total	1.2	6.6	\$ 12.91	0.3	0.8	\$ 11.86

The aggregate intrinsic value of stock options exercised was \$3.3 in 2012, \$0.7 in 2011 and \$0.1 in 2010. The actual tax benefit realized from the exercised stock options was \$0.7 in 2012, \$0.1 in 2011 and less than \$0.1 in 2010. The total grant date fair value of stock options that vested during 2010 was \$1.1. No stock options vested during 2012 or 2011. As of December 31, 2012, the aggregate intrinsic value was \$4.0 for both stock options outstanding and exercisable. Intrinsic value represents the Company's closing price on the last trading day of the year in excess of the weighted average exercise price for those tranches of options with a weighted average exercise price less than the closing price multiplied by the number of options outstanding or exercisable.

Restricted Stock Units

During 2012, 2011 and 2010, the Company granted 1.6, 1.5 and 2.3 shares, respectively, of restricted stock units. The weighted average fair values of these grants were \$13.11, \$13.67 and \$11.45, respectively. Included in the total grants were 0.6, 0.5 and 1.0 of performance-related restricted stock units for 2012, 2011 and 2010, respectively.

The 2012 and 2011 performance-related grants provide for payout based upon the extent to which the Company achieves certain EBITDA targets, as determined by the Compensation and Benefits Committee of the Board of Directors for this award, over a two-year period. Payout levels range from 50% to 200% of award shares earned. No payout can be earned if performance is below the minimum threshold level. Compensation cost related to these 2012 and 2011 grants will be adjusted based upon expected performance as compared to defined targets.

The 2010 performance-related grants provide for payout depending on the Company's relative total shareholder return in each respective year as compared to companies in the S&P 500 Index. The Company used a Monte Carlo simulation model to determine the fair value for performance-based restricted stock units granted during 2010. The assumptions used in this model are set forth in the table below. Expected volatilities for the 2010 performance awards were based on historical volatility and daily returns for the three-year period ended January 1, 2010 of the Company's stock and S&P 500 companies. For the 2010 performance awards, the total stock return for the Company over the performance period is based on comparing Convergys' average closing price from the fourth quarter of 2009 with the average expected closing price for the fourth quarter of 2012. For these 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 2009 with the average expected closing price for the fourth quarter of 2012. 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.

	2010
Expected volatility	56.0%
Expected term (in years)	3.0
Risk-free interest rate	1.4%

The total compensation cost related to non-vested restricted stock and restricted stock units not yet recognized as of December 31, 2012 was approximately \$14.7 based on current estimates of the performance metrics, which is expected to be recognized over a weighted average of 0.8 years. Changes to non-vested restricted stock and restricted stock

units for the years ended December 31, 2012 and 2011 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date of Grant
Non-vested at December 31, 2010	4.2	\$ 10.64
Granted	1.5	13.67
Vested	(0.6)	11.70
Forfeited	(1.2)	11.22
Non-vested at December 31, 2011	3.9	11.08
Granted	1.6	13.11
Vested	(2.2)	10.17
Forfeited	(0.8)	11.96
Non-vested at December 31, 2012	2.5	\$ 12.91

The aggregate intrinsic value of non-vested restricted stock units was \$41.7 at December 31, 2012.

11. Commitments and Contingencies

Commitments

The Company leases certain facilities and equipment used in its operations. Total rent expense was \$66.0, \$61.1 and \$61.6 in 2012, 2011 and 2010, respectively.

At December 31, 2012, the total minimum rental commitments under non-cancelable operating leases are as follows:

2013	\$	66.2
2014		51.7
2015		46.1
2016		35.9
2017		33.5
Thereafter		27.9
Total	\$	261.3

At December 31, 2012, the Company had outstanding letters of credit of \$27.9 related to performance and payment guarantees, of which \$12.6 is set to expire by the end of 2012, \$4.7 is set to expire within one to three years and \$10.6 is set to expire after three years. The Company also had other bond obligations of \$1.5 related to performance and payment guarantees.

At December 31, 2012, the Company had outstanding performance bond obligations of \$30.0 related to performance and payment guarantees for the Company's former HR Management line of business. As part of the gain on disposition the Company recognized a liability equal to the present value of probability weighted cash flows of potential outcomes, a Level 3 fair value measurement. Although NorthgateArinso is obligated to indemnify the Company for any and all losses, costs, liabilities and expenses incurred related to these performance bonds, as of December 31, 2012 the Company maintains a liability of \$1.0 for these obligations.

The Company also has purchase commitments with telecommunication providers of \$17.3 in 2013.

Contingencies

The Company from time to time is involved in various loss contingencies, including legal contingencies that arise in the ordinary course of business. 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.

In November 2011, one of the Company's call center clients tendered a contractual indemnity claim to Convergys

Customer Management Group, Inc., a subsidiary of the Company, relating to a putative class action captioned *Brandon Wheelock, individually and on behalf of a class and subclass of similarly situated individuals, v. Hyundai Motor America*, Orange County Superior Court, California, Case No. 30-2011-00522293-CU-BT-CJC. The lawsuit alleges that Hyundai Motor America violated California's telephone recording laws by recording telephone calls with customer service representatives without providing a disclosure that the calls might be recorded. Plaintiff is seeking, among other things, an order certifying the suit as a California class action, statutory damages, payment of attorneys' fees and pre- and post judgment interest. Convergys Customer Management Group, Inc. is not named as a defendant in the lawsuit and has not agreed to indemnify Hyundai. On March 5, 2012, the court sustained a demurrer filed by Hyundai to one of Plaintiff's causes of action, but overruled the demurrer as to the Plaintiff's other cause of action. On March 15, 2012, Plaintiff filed an amended complaint. Hyundai answered the amended complaint on April 16, 2012, by generally denying the allegations and asserting certain affirmative defenses. On May 7, 2012, Hyundai filed a motion for summary judgment based on Hyundai's claim that an exemption under the California recording laws were intended to exempt the type of recording done by Hyundai's call centers. On January 10, 2013, the court heard arguments on Hyundai's motion for summary judgment. On February 5, 2013, the court denied the motion. We anticipate the parties will discuss, among other things, a schedule for discovery at a status hearing scheduled for February 27, 2013.

Given the early stage of this matter, the fact that Convergys Customer Management Group, Inc. is not named as a defendant in the lawsuit, and the fact that there has been no determination as to whether Convergys Customer Management Group, Inc. will be required to indemnify Hyundai, the likelihood of losses that may become payable under such claims, the amount of reasonably possible losses associated with such claims, and whether such losses may be material cannot be determined or estimated at this time. The Company has, therefore, not established as reserve with respect to this matter. The Company believes Convergys Customer Management Group, Inc., has meritorious defenses to Hyundai's demand for indemnification and also believes there are meritorious defenses to Plaintiff's claims in the lawsuit.

12. Financial Instruments

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 the Philippines, India and Colombia. 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 Philippine pesos (PHP), Indian rupees (INR) or Colombian pesos (COP), which represents a foreign exchange exposure. Beginning in 2011, the Company entered into a contract with a client priced in Australian dollars (AUD). 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 to acquire a total of PHP 15,360.0 at a fixed price of \$349.6 at various dates through December 2015, INR 9,792.5 at a fixed price of \$176.6 at various dates through December 2015 and COP 35,700.0 at a fixed price of \$18.4 at various dates through December 2014, and to sell a total of AUD 44.7 at a fixed price of \$45.7 at various dates through December 2013. These instruments mature within the next 36 months and had a notional value of \$590.4 at December 31, 2012 and \$619.8 at December 31, 2011. The derivative instruments discussed above are designated and are effective as cash flow hedges. The following table reflects the fair values of these derivative instruments:

	December 31,	
	2012	2011
Forward exchange contracts and options designated as hedging instruments		
Included within other current assets	\$ 16.4	\$ 13.0
Included within other non-current assets	11.6	3.9
Included within other current liabilities	6.0	11.2
Included within other long-term liabilities	3.5	8.1

The Company recorded a deferred tax liability of \$7.1 and deferred tax benefit of \$1.0 related to these derivatives at December 31, 2012 and 2011, respectively. A total of \$11.4 of deferred gains and \$1.5 of deferred losses, net of tax,

related to these cash flow hedges at December 31, 2012 and 2011, respectively, were included in accumulated other comprehensive loss (OCL). As of December 31, 2012, deferred gains of \$10.4 (\$6.5 net of tax), on derivative instruments included in accumulated OCL are expected to be reclassified into earnings during the next 12 months. The following tables provide the effect of these derivative instruments on the Company's Consolidated Financial Statements for the year ended December 31, 2012 and 2011, respectively:

2012:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ 35.8	\$ 14.8	Cost of providing services and products sold and Selling, general and administrative

2011:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ (21.6)	\$ 11.6	Cost of providing services and products sold and Selling, general and administrative

The gain recognized related to the ineffective portion of the derivative instruments was immaterial for the years ended December 31, 2012 and 2011.

During 2012, 2011 and 2010, the Company recorded net gains of \$14.8 and \$11.6 and a net loss of \$0.5, respectively, related to the settlement of forward contracts and options which were designated as cash flow hedges.

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 year ended December 31, 2012, a loss of \$0.4 was recognized related to changes in fair value of these derivative instruments not designated as hedges, compared to a loss of \$0.2 in the same period in 2011. The gains and losses largely offset the currency gains and 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 Income. The fair value of these derivative instruments not designated as hedges at December 31, 2012, was immaterial to the Company's Consolidated Financial Statements.

A few of the Company's counterparty agreements related to derivative instruments contain provisions that require that the Company maintain collateral on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments in liability position at December 31, 2012 was \$9.5 for which the Company has no posted collateral. Future downgrades in the Company's credit ratings and/or changes in the foreign currency markets could result in collateral to counterparties.

Short term Investments

In December 2011, the Company made investments in certain securities, included within short-term investments in the Consolidated Balance Sheets, which are held in a grantor trust for the benefit of participants of the executive deferred compensation plan, which was frozen during the fourth quarter of 2011. This investment was made in securities reflecting the hypothetical investment balances of plan participants. As of December 31, 2012, the Company maintained investment securities with a fair value of \$19.5 classified as trading securities. The investment securities include exchange-traded mutual funds, common stock of the Company and money market accounts. These securities are carried at fair value, with gains and

losses, both realized and unrealized, reported in other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method.

Interest and dividends on securities classified as trading are included in other income (expense), net.

Additionally, during 2012, the Company made investments in time deposits with maturities greater than 90 days and less than 180 days, included within short-term investments in the Consolidated Balance Sheets. As of December 31, 2012, the Company maintained short-term time deposits with a fair value of \$64.3.

13. Fair Value Disclosures

U.S. GAAP defines a hierarchy which prioritizes the inputs in measuring fair value. The three levels of the fair value hierarchy 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's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

At December 31, 2012 and 2011, the Company had foreign currency forward contracts measured at fair value. The fair values of these instruments were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts. The derivative assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011 were as follows:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 28.0	\$ —	\$ 28.0	\$ —
Foreign currency forward contracts (liability position)	\$ 9.6	\$ —	\$ 9.6	\$ —
	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 16.9	\$ —	\$ 16.9	\$ —
Foreign currency forward contracts (liability position)	\$ 19.3	\$ —	\$ 19.3	\$ —

The Company also had investment securities held in a grantor trust for the benefit of participants of the executive deferred compensation plan measured at fair value at December 31, 2012 and December 31, 2011. The fair value of these instruments was measured using the quoted prices in active markets for identical assets (Level 1). The assets measured at fair value on a recurring basis as of December 31, 2012 and December 31, 2011 were as follows:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 13.3	\$ 13.3	\$ —	\$ —
Convergys common stock	4.9	4.9	—	—
Money market accounts	1.3	1.3	—	—
Total	\$ 19.5	\$ 19.5	\$ —	\$ —

	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 15.9	\$ 15.9	\$ —	\$ —
Convergys common stock	5.1	5.1	—	—
Money market accounts	1.7	1.7	—	—
Total	\$ 22.7	\$ 22.7	\$ —	\$ —

The valuation technique used to measure the fair value of cash time deposits was based on quoted market prices or model driven valuations using significant inputs derived from or corroborated by observable market data. The assets measured at fair value on a recurring basis as of December 31, 2012 were as follows:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term Investments:				
Cash time deposits	\$ 64.3	\$ —	\$ 64.3	\$ —
Total	\$ 64.3	\$ —	\$ 64.3	\$ —

Fair values of cash equivalents 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.

14. Income Taxes

The Company's provision (benefit) for income taxes from continuing operations consists of the following:

	Year Ended December 31,		
	2012	2011	2010
Current:			
United States federal	\$ (0.9)	\$ 79.7	\$ (10.0)
Foreign	8.0	11.0	5.2
State and local	(1.8)	0.3	(2.8)
Total current	5.3	91.0	(7.6)
Deferred:			
United States federal	(4.7)	13.3	(5.3)
Foreign	(0.8)	(4.7)	(6.0)
State and local	1.3	6.9	11.4
Total deferred	(4.2)	15.5	0.1
Total	\$ 1.1	\$ 106.5	\$ (7.5)

The Company's combined pre-tax earnings from continuing operations relating to foreign subsidiaries or branches were \$77.1, \$52.0 and \$63.4 during 2012, 2011 and 2010, respectively.

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate from continuing operations for the tax expense in 2012, 2011 and 2010:

	Year Ended December 31,		
	2012	2011	2010
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
Permanent differences	12.4	1.6	3.1
State and local income taxes, net of federal income tax	(3.4)	0.9	(4.7)
International rate differential, including tax holidays	(54.2)	(3.3)	17.0
Foreign valuation allowances	(4.9)	1.3	(0.1)
Impairments	46.5	—	(44.6)
Adjustments for uncertain tax positions	(1.8)	4.7	(1.4)
Restructuring	(9.2)	(10.6)	—
Tax credits and other	(16.5)	(2.2)	2.1
Effective rate	3.9 %	27.4 %	6.4 %

The 23.5% decrease in the income tax rate in 2012 is primarily due to a shift in the geographical mix of worldwide income which was partially offset by the non-deductibility of goodwill impairments and the impact of internal restructurings. The Company's foreign taxes for 2012, 2011 and 2010 included \$3.5, \$2.5 and \$9.6, respectively, of benefit derived from tax holidays in the Philippines, India and Costa Rica. This resulted in a (11.6)%, (0.7)% and 8.3% impact to the effective tax rate in 2012, 2011 and 2010, respectively. The Company's foreign taxes for 2012, 2011 and 2010 include \$0.0, \$0.9 and \$7.5, respectively, related to a tax holiday in India which expired March 2011. The tax holidays in the Philippines were scheduled to expire by December 2012. The Company has applied for one- or two-year extensions of the Philippine tax holidays in accordance with local law.

The components of deferred tax assets and liabilities are as follows:

	At December 31,	
	2012	2011
Deferred tax assets:		
Loss and credit carryforwards	\$ 54.1	\$ 93.2
Pension and employee benefits	50.9	76.4
Restructuring charges	2.4	0.9
Deferred revenue	3.9	3.2
Foreign currency hedge	(7.2)	0.7
Other	43.1	43.0
Valuation allowances	(19.7)	(21.3)
Total deferred tax assets	127.5	196.1
Deferred tax liabilities:		
Depreciation and amortization	163.2	155.2
Deferred implementation costs	1.4	0.4
Contingent debt and accrued interest	50.4	44.0
Foreign currency hedge	—	—
Other	22.9	28.5
Total deferred tax liabilities	237.9	228.1
Net deferred tax (liabilities) / assets	\$ (110.4)	\$ (32.0)

Deferred tax assets and liabilities in the preceding table, after netting by taxing jurisdiction, are in the following captions in the Consolidated Balance Sheets at December 31, 2012 and 2011.

	At December 31,	
	2012	2011
Current deferred tax asset	\$ 8.9	\$ 44.8
Non-current deferred tax asset	19.2	26.1
Current deferred tax liability	2.0	1.9
Non-current deferred tax liability	136.5	101.0

Total deferred tax (liability)/asset

(110.4)

(32.0)

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As of December 31, 2012 and 2011, \$0.3 and \$14.3, respectively, of the valuation allowances relate to the Company's foreign operations. Of these amounts, \$12.9 related to discontinued operations in 2011.

As of December 31, 2012, the Company has federal, state, and foreign operating loss carryforwards of \$49.5, \$1,056.7 and \$33.1, respectively. The federal operating loss carryforwards and state operating loss carryforwards expire between 2017 and 2027. The foreign operating loss carryforwards include \$26.8 with no expiration date; the remainder will expire between 2013 and 2027. The federal and state operating loss carryforwards include losses of \$49.5 and \$107.6, respectively, that were acquired in connection with business combinations. Utilization of the acquired federal and state tax loss carryforwards may be limited pursuant to Section 382 of the Internal Revenue Code of 1986. At December 31, 2012, the Company also had \$0.9 in state tax credits that expire at December 31, 2013.

The Company has not provided for U.S. federal income taxes or foreign withholding taxes on \$443.4 of undistributed earnings of its foreign subsidiaries at December 31, 2012, because such earnings are intended to be reinvested indefinitely. It is not practicable to determine the amount of applicable taxes that would be due if such were distributed.

As of December 31, 2012 and 2011, the liability for unrecognized tax benefits was \$54.0 and \$112.3, respectively, including \$19.1 and \$23.5 of accrued interest and penalties, and is recorded within the other long-term liabilities in the accompanying Consolidated Balance Sheets. The total amount of net unrecognized tax benefits that would affect income tax expense, if ever recognized in the Consolidated Financial Statements, is \$45.5. This amount includes net interest and penalties of \$17.3. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense. During the year ended December 31, 2012, the Company recognized a benefit of \$2.9 related to the reversal of prior period accruals, net of current year interest and penalties, and \$3.0 in interest and penalties for the year ended December 31, 2011.

A reconciliation of the beginning and ending total amounts of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

	2012	2011
Balance at January 1	\$ 88.8	\$ 63.9
Additions based on tax positions related to the current year	0.5	26.7
Additions for tax positions of prior years	2.8	—
Reductions for tax positions of prior years	(15.8)	(1.5)
Settlements	(40.0)	2.4
Lapse of statutes	(1.4)	(2.7)
Balance at December 31	\$ 34.9	\$ 88.8

The liability for unrecognized tax benefits related to discontinued operations at December 31, 2012 and 2011 was \$11.8 and \$62.7, respectively.

The decrease in the liability for unrecognized tax benefits was largely due to resolution of tax audits and the lapsing of the statute of limitations in federal, state and foreign jurisdictions. The Company is currently attempting to resolve income tax audits relating to prior years in various jurisdictions. The Company has received assessments from these jurisdictions related to transfer pricing and deductibility of expenses. The Company believes that it is appropriately reserved with regard to these assessments as of December 31, 2012. Furthermore, the Company believes that it is reasonably possible that the total amounts of unrecognized tax benefits will decrease between \$3.0 and \$10.0 prior to December 31, 2013, based upon resolution of audits; however, actual developments could differ from those currently expected.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With a few exceptions, the Company is no longer subject to examinations by tax authorities for years before 2002.

15. Additional Financial Information

	At December 31,	
	2012	2011
Property and equipment, net:		
Land	\$ 12.7	\$ 18.4
Buildings	107.7	221.8
Leasehold improvements	180.6	160.2
Equipment	524.1	478.1
Software	305.5	276.4
Construction in progress and other	33.4	27.5
	1,164.0	1,182.4
Less: Accumulated depreciation	(884.8)	(838.5)
	\$ 279.2	\$ 343.9
Payables and other current liabilities:		
Accounts payable	\$ 50.6	\$ 41.9
Accrued taxes	21.2	42.0
Accrued payroll and related expenses	85.6	87.1
Derivative liabilities	6.1	11.2
Accrued expenses, other	85.7	67.4
Restructuring and exit costs	5.5	1.8
Deferred revenue and government grants	31.1	46.3
	\$ 285.8	\$ 297.7
Accumulated other comprehensive (loss) income:		
Foreign currency translation adjustments	\$ 36.4	\$ 14.1
Pension liability, net of tax benefit of \$35.1 and \$35.7	(58.3)	(59.3)
Unrealized gain (loss) on hedging activities, net of tax (expense) benefit (\$7.1) and \$1.0	11.4	(1.5)
	\$ (10.5)	\$ (46.7)

16. Industry Segment and Geographic Operations

Industry Segment Information

As a result of the change in classification of the Information Management business to discontinued operations, the change in our Chief Executive Officer in the fourth quarter, and in order to reflect the internal financial reporting structure and operating focus of our new management team and chief operating decision maker, we will report operating results and assets and liabilities as a single segment on a consolidated basis. Segment information for previous periods has been reclassified to conform to the current reporting structure.

Geographic Operations

The following table presents certain geographic information regarding the Company's operations:

	Year Ended December 31,		
	2012	2011	2010
Revenues:			
North America	\$ 1,836.4	\$ 1,790.1	\$ 1,716.3
Rest of World	168.6	143.1	147.0
	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3

	At December 31,	
	2012	2011
Long-lived Assets:		
North America	\$ 849.3	\$ 957.4

Rest of World	88.0	102.6
Held for Sale	—	319.7
	\$ 937.3	\$ 1,379.7

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Concentrations

The Company derives significant revenues from AT&T. Revenues from AT&T were 23.1%, 23.4% and 23.0% of the Company's consolidated revenues from continuing operations for 2012, 2011 and 2010, respectively. Related accounts receivable from AT&T totaled \$73.0 and \$82.0 at December 31, 2012 and 2011, respectively. The Company also derives significant revenues from DIRECTV and Comcast. Revenues for DIRECTV were 12.3%, 11.8% and 8.6% of the Company's consolidated revenues from continuing operations for 2012, 2011 and 2010, respectively. Revenues for Comcast were 12.4%, 12.0% and 10.5% of the Company's consolidated revenues from continuing operations for 2012, 2011 and 2010, respectively.

17. Quarterly Financial Information (Unaudited)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2012:					
Revenues	\$ 497.5	\$ 491.1	\$ 507.6	\$ 508.8	\$ 2,005.0
Operating income (loss)	29.0	(60.5) ^(a)	39.1	31.0	38.6
Net income (loss) from continuing operations	21.4	(53.7) ^(a)	30.3	30.2	28.2
Net income (loss) from discontinued operations	4.7	68.3	(2.4)	1.8	72.4
Net income	26.1	14.6	27.9	32.0	100.6
Basic earnings (loss) per share:					
Continuing operations	\$ 0.19	\$ (0.47)	\$ 0.27	\$ 0.28	\$ 0.25
Discontinued operations	0.04	0.60	(0.02)	0.02	0.65
Net basic earnings per common share	\$ 0.23	\$ 0.13	\$ 0.25	\$ 0.30	\$ 0.90
Diluted earnings (loss) per share					
Continuing operations	\$ 0.18	\$ (0.47)	\$ 0.26	\$ 0.27	\$ 0.24
Discontinued operations	0.04	0.60	(0.02)	0.02	0.62
Net basic earnings per common share	\$ 0.22	\$ 0.13	\$ 0.24	\$ 0.29	\$ 0.86

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2011:					
Revenues	\$ 464.8	\$ 474.6	\$ 493.3	\$ 500.5	\$ 1,933.2
Operating income	24.7	26.4	28.1	30.9	110.1
Net income from continuing operations	27.9	24.0	191.3	39.3	282.5
Net income from discontinued operations	7.0	7.7	22.4	15.2	52.3
Net income	34.9	31.7	213.7	54.5	334.8
Basic earnings per share:					
Continuing operations	\$ 0.23	\$ 0.20	\$ 1.59	\$ 0.33	\$ 2.35
Discontinued operations	0.06	0.06	0.19	0.13	0.44
Net basic earnings per common share	\$ 0.29	\$ 0.26	\$ 1.78	\$ 0.46	\$ 2.79
Diluted earnings per share					
Continuing operations	\$ 0.22	\$ 0.19	\$ 1.57	\$ 0.33	\$ 2.30
Discontinued operations	0.06	0.07	0.18	0.12	0.42
Net basic earnings per common share	\$ 0.28	\$ 0.26	\$ 1.75	\$ 0.45	\$ 2.72

(a) Includes asset impairment charge of \$88.6.

The sum of the quarterly earnings (loss) per common share may not equal the annual amounts reported because per share amounts are computed independently for each quarter and for full year based on respective weighted-average common shares outstanding and other dilutive potential common shares.

Item 9. and 9A.

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

No disagreements with accountants on any accounting or financial disclosure or auditing scope or procedure occurred during 2012.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 members of management, 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 (the Act)) as of the year ended December 31, 2012 (Evaluation Date). 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.

Changes in Internal Control

There have been no changes in the Company's internal control over financial reporting that occurred during the fourth quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Management

Attestation Report on Internal Control Over Financial Reporting

Management's Responsibilities for and Audit Committee Oversight of the Financial Reporting Process

The management of Convergys Corporation is responsible for the preparation, integrity and fair presentation of the Consolidated Financial Statements and all related information appearing in this Annual Report. The Consolidated Financial Statements and notes have been prepared in conformity with accounting principles generally accepted in the United States and include certain amounts, which are estimates based upon currently available information, and management's judgment of current conditions and circumstances.

The Audit Committee, consisting entirely of independent directors, meets regularly with management, the compliance officer, internal auditors and the independent registered public accounting firm, and reviews audit plans and results, as well as management's actions taken in discharging responsibilities for accounting, financial reporting and internal control. Ernst & Young LLP, independent registered public accounting firm, and the internal auditors have direct and confidential access to the Audit Committee at all times to discuss the results of their examinations.

Management's Report on Internal Control over Financial Reporting

Convergys' management is also responsible for establishing and maintaining adequate internal control over financial reporting that is designed to produce reliable Financial Statements in conformity with accounting principles generally accepted in the United States. The system of internal control over financial reporting is evaluated for effectiveness by management and tested for reliability through a program of internal audits. Actions are taken to correct potential deficiencies as they are identified. Any internal control system, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and may not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to Financial Statement preparation and presentation.

Convergys' management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on its assessment, management has concluded that, as of December 31, 2012, the Company's internal control over financial reporting is effective based on those criteria.

Convergys engaged Ernst & Young LLP in 2012 to perform an integrated audit of the Consolidated Financial Statements in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Their report appears on page 40. Additionally, Ernst & Young LLP has issued an audit report on the Company's internal control over financial reporting. That report appears on page 81.

/s/ Andrea J. Ayers

Andrea J. Ayers
Chief Executive Officer

/s/ Andre S. Valentine

Andre S. Valentine
Chief Financial Officer

February 21, 2013

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Convergys Corporation

We have audited Convergys Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Convergys Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Report of Management." Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Convergys Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Convergys Corporation as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012 and our report dated February 21, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP
Cincinnati, Ohio
February 21, 2013

Item 9B.

Item 9B. Other Information

None.

PART III

Part III, Item 10. through 14.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 with respect to directors, the Audit Committee of the Board of Directors, Audit Committee financial experts, Financial Code of Ethics and Section 16 compliance is incorporated herein by reference to the Company's proxy statement relating to its annual meeting of shareholders to be held on April 26, 2013. See "Corporate Governance," "Board of Directors and Committees," "Election of Directors" and "Share Ownership" sections in the Company's proxy statement.

Certain information concerning the executive officers of the Company is contained on page 14 of this Form 10-K.

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference to the Company's proxy statement relating to its annual meeting of shareholders to be held on April 26, 2013. See "Compensation and Benefits Committee Report," "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at Fiscal Year End," "Option Exercises and Stock Vested," "Pension Benefits," "Non-Qualified Deferred Compensation," "Payments Upon Termination or In Connection With Change of Control," and "Director Compensation" sections of the Company's proxy statement. See also "Compensation and Benefits Committee Interlocks and Insider Participation" under the "Corporate Governance" section in the proxy statement.

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

The share ownership of certain beneficial owners, directors and officers is incorporated herein by reference to the Company's proxy statement relating to its annual meeting of shareholders to be held on April 26, 2013. See "Share Ownership" section of the Company's proxy statement.

The remaining information called for by this Item relating to "securities authorized for issuance under equity compensation plans" is incorporated by reference to Note 10 of the Notes to Consolidated Financial Statements.

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

Relationships and related transactions section, and director independence is incorporated herein by reference to the Company's proxy statement relating to its annual meeting of shareholders to be held on April 26, 2013. See "Related Party Transactions" under the "Corporate Governance" section and "Director Independence" under the "Board of Directors and Committees" section of the Company's proxy statement.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to the Company's proxy statement relating to its annual meeting of shareholders to be held on April 26, 2013. See "Audit Fees" section of the Company's proxy statement.

Part IV, Items 15., 15(a)(1) and (2)

PART IV

Item 15. Exhibits, Financial Statement Schedule

Item 15(a)(1) and (2). List of Financial Statements and Financial Statement Schedule

The following consolidated financial statements of Convergys are included in Item 8:

	<i>Page</i>
(1) Consolidated Financial Statements:	
Report of Independent Registered Public Accounting Firm	40
Consolidated Statements of Income	41
Consolidated Statements of Comprehensive Income (Loss)	42
Consolidated Balance Sheets	43
Consolidated Statements of Cash Flows	44
Consolidated Statements of Shareholders' Equity	46
Notes to Consolidated Financial Statements	47
(2) Financial Statement Schedule:	
II - Valuation and Qualifying Accounts	84

Financial statement schedules other than that listed above have been omitted because the required information is not required or applicable.

CONVERGYS CORPORATION SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Millions of Dollars)

COL. A	COL. B	COL. C		COL. D	COL. E
Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		(1) Charged to Expense	(2) Charged to Other Accounts		
Year 2012					
Allowance for Doubtful Accounts	\$ 9.3	\$ 11.9	\$ —	\$ 15.3 ^[a]	\$ 5.9
Deferred Tax Asset Valuation Allowance	\$ 21.3	\$ 4.2 ^[b]	\$ —	\$ 5.8 ^[c]	\$ 19.7
Year 2011					
Allowance for Doubtful Accounts	\$ 8.4	\$ 13.4	\$ (0.2)	\$ 12.3 ^[a]	\$ 9.3
Deferred Tax Asset Valuation Allowance	\$ 20.7	\$ 2.6 ^[b]	\$ —	\$ 2.0 ^[c]	\$ 21.3
Year 2010					
Allowance for Doubtful Accounts	\$ 10.5	\$ 10.1	\$ —	\$ 12.2 ^[a]	\$ 8.4
Deferred Tax Asset Valuation Allowance	\$ 20.8	\$ 3.7 ^[b]	\$ —	\$ 3.8 ^[c]	\$ 20.7

[a] Primarily includes amounts written-off as uncollectible.

[b] Amounts relate to valuation allowances recorded for state operating loss carryforwards, foreign operating loss carryforwards and capital loss carryforwards.

[c] Primarily includes the release of foreign valuation allowances related to the utilization of foreign net operating losses in the current year and adjustment of valuation related to state tax credits.

- [d] Primarily includes the release of state valuation allowances related to the utilization of state net operating losses in the current year and adjustment of valuation related to state tax credits.
- [e] Primarily includes the release of state valuation allowances related to the utilization of state net operating losses in the current year,

adjustment of valuation related to state tax credits and capital loss carryforwards.

(3) Exhibits:

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission (SEC), are incorporated herein by reference as exhibits hereto.

Exhibit Number

- 3.1 Amended Articles of Incorporation of the Company. (Incorporated by reference from Exhibit 3.1 to Form 10-Q filed on May 5, 2010.)
- 3.2 Amended and Restated Code of Regulations of Convergys Corporation. (Incorporated by reference from Exhibit 3.1 to Form 8-K filed on May 2, 2011.)
- 4.1 Indenture, dated October 13, 2009, by and between Convergys Corporation and U.S. Bank National Association, as trustee, relating to Convergys Corporation's 5.75% Junior Subordinated Convertible Debentures due 2029. (Incorporated by reference from Exhibit 4.1 to Form 8-K filed October 13, 2009.)
- 4.2 Form of 5.75% Junior Subordinated Convertible Debenture due 2029. (Incorporated by reference from Exhibit 4.1 to Form 8-K filed October 13, 2009.)
- 4.3 Convergys Corporation Retirement and Savings Plan as amended and restated dated January 28, 2008. (Incorporated by reference from Exhibit 10.17 to Form 10-K filed on February 27, 2009.) *
- 4.4 Amendment to Convergys Corporation Retirement and Savings Plan dated March 31, 2008. (Incorporated by reference from Exhibit 10.18 to Form 10-K filed on February 27, 2009.) *
- 4.5 Amendment to Convergys Corporation Retirement and Savings Plan dated December 23, 2008. (Incorporated by reference from Exhibit 10.19 to Form 10-K filed on February 27, 2009.) *
- 10.1 Termination of a Material Definitive Agreement, dated May 31, 2012, in connection with the Company's purchase of its leased office facility in Orlando, Florida, and discharge of the related capital lease. (Incorporated by reference from Form 8-K filed on June 1, 2012.)
- 10.2 Stock and Asset Purchase Agreement, dated March 22, 2012, among the Company, NEC Corporation and NetCracker Technology Corporation. (Incorporated by reference from Exhibit 2.1 to Form 8-K, filed on March 27, 2012.)
- 10.3 \$300,000,000 Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of March 11, 2011 among Convergys Corporation, The Lenders Party Hereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent and BNP Paribas, The Bank of Nova Scotia, PNC Bank, National Association, and Wells Fargo Bank, N.A., as Co-Documentation Agents. (Incorporated by reference from Exhibit 10.1 to Form 8-K filed on March 16, 2011.)
- 10.4 Guarantee and Contribution Agreement dated as of March 11, 2011, among Convergys Corporation and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders party to the \$300,000,000 Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of March 11, 2011. (Incorporated by reference from Exhibit 10.2 to Form 8-K filed on March 16, 2011.)
- 10.5 Amendment No. 1 to Certain Operative Agreements, dated as of April 21, 2011, by and among Convergys Corporation, the Guarantors, Wachovia Development Corporation, the various banks and other lending institutions party thereto as lenders, and Wells Fargo Bank, National Association. (Incorporated by reference from exhibit 10.1 to Form 8-K filed on April 27, 2011.)
- 10.6 Form of Joinder Agreement, dated as of April 21, 2011, by and among Asset Ohio Fourth Street LLC, Brite Voice Systems, Inc., Convergys Cellular Systems Company, Convergys Customer Management Group Canada Holding Inc., Convergys Customer Management International Inc., and Convergys Finance Corp. as Subsidiary Guarantors, Convergys Corporation as Lessee, and Wells Fargo Bank, National Association, as Agent. Each of the Subsidiary Guarantors executed a Joinder Agreement identical in all material respects to the copy filed herewith except as to the Subsidiary Guarantor party thereto. (Incorporated by reference from exhibit 10.2 to Form 8-K filed on April 27, 2011.)
- 10.7 Purchase Agreement, dated June 2, 2011, among Convergys Cellular Systems Company, New Cingular Wireless PCS, LLC and SBC Tower Holdings LLC. (Incorporated by reference from Exhibit 2.1 to Form 8-K filed on June 3, 2011.)
- 10.8 Amendment No. 3 to Receivables Purchase Agreement, dated as of June 24, 2011, among Convergys Corporation, as initial Servicer and Performance Guarantor, Convergys Funding Inc., as Seller, Liberty Street Funding LLC, The Bank of Nova Scotia, as Purchaser and Scotiabank Group Agent, and Wells Fargo Bank,

N.A., successor by merger to Wachovia Bank, National Association, as Purchaser and Administrative Agent. (Incorporated by reference from Exhibit 10.1 to Form 8-K filed on June 29, 2011.)

10.9 Convergys Corporation Deferred Compensation and Long-Term Incentive Plan Award Deferral Plan for Non-Employee Directors as amended and restated effective February 24, 2004. (Incorporated by reference from Exhibit 10.24 to Form 10-Q filed on August 9, 2004.) *

- 10.10 Convergys Corporation Deferred Compensation Plan for Non-Employee Directors dated August 26, 2008. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on November 5, 2008.) *
- 10.11 Convergys Corporation Long-Term Incentive Plan as amended and restated effective as of April 22, 2008. (Incorporated by reference from Exhibit 10.4 to Form 10-Q filed on May 7, 2008.) *
- 10.12 Amendment to Convergys Corporation Long-Term Incentive Plan dated as of January 28, 2011. (Incorporated by reference to Exhibit 10.52 to Form 10-K filed on February 23, 2012.) *
- 10.13 Convergys Corporation Supplemental Executive Retirement Plan amended effective February 20, 2007. (Incorporated by reference from Exhibit 10.1 to Form 10-Q filed on August 7, 2007.) *
- 10.14 Convergys Corporation Supplemental Executive Retirement Plan as amended dated August 26, 2008. (Incorporated by reference from Exhibit 10.3 to Form 10-Q filed on November 5, 2008.) *
- 10.15 Amendment to Convergys Corporation Supplemental Executive Retirement Plan dated December 22, 2011. (Incorporated by reference from Exhibit 10.12 to Form 10-K filed on February 23, 2012.) *
- 10.16 Convergys Corporation Executive Deferred Compensation Plan as amended October 29, 2001. (Incorporated by reference from Exhibit 10.9 to Form 10-K filed on February 28, 2008.) *
- 10.17 Convergys Corporation Executive Deferred Compensation Plan as amended effective February 24, 2004. (Incorporated by reference from Exhibit 10.25 to Form 10-Q filed on August 9, 2004.) *
- 10.18 Convergys Corporation Executive Deferred Compensation Plan as amended dated December 21, 2005. (Incorporated by reference from Exhibit 10.14 to Form 10-K filed on February 27, 2009.) *
- 10.19 Convergys Corporation Executive Deferred Compensation Plan as amended dated October 21, 2008. (Incorporated by reference from Exhibit 10.15 to Form 10-K filed on February 27, 2009.) *
- 10.20 Amendment to Convergys Corporation Executive Deferred Compensation Plan dated April 1, 2011. (Incorporated by reference to Exhibit 10.50 to Form 10-K filed on February 23, 2012.) *
- 10.21 Amendment to Convergys Corporation Executive Deferred Compensation Plan dated December 22, 2011. (Incorporated by reference from Exhibit 10.17 to Form 10-K filed on February 23, 2012.) *
- 10.22 Convergys Corporation Employee Stock Purchase Plan. (Incorporated by reference from Appendix IV of Convergys Corporation's Definitive Schedule 14A filed on March 12, 2004.) *
- 10.23 Convergys Corporation Canadian Employee Share Plan. (Incorporated by reference from Exhibit 4.2.1 to Form S-8 Registration Statement (File No. 333-86137) filed on December 29, 1999.) *
- 10.24 Convergys Corporation Annual Executive Incentive Plan, as Amended and Restated, Effective on February 2, 2012. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on May 8, 2012.)
- 10.25 Convergys Corporation Qualified and Non-Qualified Pension Plan as amended and restated dated January 28, 2008. (Incorporated by reference from Exhibit 10.22 to Form 10-K filed on February 27, 2009.) *
- 10.26 Amended Convergys Corporation Qualified and Non-Qualified Pension Plan dated March 31, 2008. (Incorporated by reference from Exhibit 10.23 to Form 10-K filed on February 27, 2009.) *
- 10.27 Amended Convergys Corporation Qualified and Non-Qualified Pension Plan dated December 17, 2008. (Incorporated by reference from Exhibit 10.24 to Form 10-K filed on February 27, 2009.) *
- 10.28 Amendment to Convergys Corporation Qualified and Non-Qualified Pension Plan dated June 29, 2011. (Incorporated by reference to Exhibit 10.51 to Form 10-K filed on February 23, 2012.) *
- 10.29 2012 Form of Executive Officer Severance Agreement. (Incorporated by reference from Exhibit 10.4 to Form 10-Q filed on July 31, 2012.) *
- 10.30 2012 Convergys Corporation Senior Executive Severance Pay Plan (Incorporated by reference from Exhibit 10.1 to Form 8-K filed on October 25, 2012.) *
- 10.31 2009 Form of Time-Based Restricted Stock Unit Award Agreement for Employees. (Incorporated by reference from exhibit (10.45) to Form 10-K filed on February 26, 2010.)*
- 10.32 2009 Form of Performance-Based Stock Unit Award Agreement. (Incorporated by reference from exhibit (10.46) to Form 10-K filed on February 26, 2010.)*
- 10.33 2009 Form of Performance-Based Restricted Stock Unit Award Agreement. (Incorporated by reference from exhibit (10.47) to Form 10-K filed on February 26, 2010.)*
- 10.34 2011 Form of Time-Based Restricted Stock Unit Award Agreement for Employees (Incorporated by reference from Exhibit 10.41 to Form 10-K filed on February 25, 2011).*

- 10.35 2011 Form of Performance-Based Restricted Stock Unit Award Agreement for Employees (Incorporated by reference from Exhibit 10.42 to Form 10-K filed on February 25, 2011).*
- 10.36 2011 Form of Stock Option Award Agreement for Employees (Incorporated by reference from Exhibit 10.43 to Form 10-K filed on February 25, 2011).*

- 10.37 Trust Agreement, dated as of December 23, 2011, between Convergys Corporate and Fidelity Management Trust Company for the Convergys Corporation Executive Deferred Compensation Plan and Convergys Corporate Deferred Compensation Plan for Non-Employee Directors Trust. (Incorporated by reference from Exhibit 10.42 to Form 10-K file on February 23, 2012.) *
- 10.38 Amended and Restated Participation Agreement, dated as of June 30, 2010, between Convergys Corporation, Various Guarantors, Wachovia Development Corporation, as the Borrower and Lessor, Various Credit Lenders, Various Mortgage Lenders and Wells Fargo Bank, National Association, as Agent. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on August 9, 2010.)
- 10.39 Second Amended and Restated Lease Agreement, dated as of June 30, 2010, between Wachovia Development Corporation and Convergys Corporation. (Incorporated by reference from Exhibit 10.3 to Form 10-Q filed on August 9, 2010.)
- 10.40 Amended and Restated Security Agreement, dated as of June 30, 2010, between Wachovia Development Corporation and Wells Fargo Bank, National Association and accepted and agreed to by Convergys Corporation. (Incorporated by reference from Exhibit 10.4 to Form 10-Q filed on August 9, 2010.)
- 10.41 Assignment and Recharacterization Agreement, dated as of June 30, 2010, between Convergys Corporation, Existing Guarantors, Wachovia Development Corporation, Existing Credit Note Purchasers, Existing Debt Providers, Wells Fargo Bank, National Association, Wachovia Development Corporation and the Lenders. (Incorporated by reference from Exhibit 10.5 to Form 10-Q filed on August 9, 2010.)
- 10.42 Amended and Restated Letter Agreement, dated October 30, 2012, between the Company and Jeffrey H. Fox.
- 10.43 Receivables Sales Agreement, dated as of June 30, 2009, between Convergys Corporation, as Originator, and Convergys Funding Inc., as Buyer. (Incorporated by reference from Exhibit 10.1 to Form 10-Q filed on August 4, 2009.)
- 10.44 Receivables Purchase Agreement, dated as of June 30, 2009, among Convergys Funding Inc. as Seller, Convergys Corporation as Services, 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. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on August 4, 2009.)
- 12 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
- 21 Subsidiaries of Convergys Corporation.
- 23 Consent of Ernst & Young LLP, Independent Registered Public accounting for the Company.
- 24 Powers of Attorney.
- 31.1 Rule 13a - 14(a) Certification by Chief Executive Officer.
- 31.2 Rule 13a - 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.
- 101 The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 21, 2013, formatted in XBRL: (i) Consolidated Statements of Operations and Comprehensive Income (Loss), (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.
- * Management contract or compensatory plan or arrangement.

Item 15(b) and (c). Exhibits and Financial Statement Schedule

The responses to these portions of Item 15 are submitted as a separate section of this report.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

February 21, 2013

CONVERGYS CORPORATION

By /s/ Andre S. Valentine

Andre S. Valentine
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
<u>/s/ ANDREA J. AYERS</u> Andrea J. Ayers	Principal Executive Officer; Chief Executive Officer and Director	February 21, 2013
<u>/s/ ANDRE S. VALENTINE</u> Andre S. Valentine	Principal Financial Officer; Chief Financial Officer	February 21, 2013
<u>/s/ TAYLOR C. GREENWALD</u> Taylor C. Greenwald	Chief Accounting Officer; Vice President and Controller	February 21, 2013
<u>JOHN F. BARRETT*</u> John F. Barrett	Director	
<u>RICHARD R. DEVENUTI*</u> Richard R. Devenuti	Director	
<u>JEFFREY H. FOX*</u> Jeffrey H. Fox	Executive Chairman	
<u>JOSEPH E. GIBBS*</u> Joseph E. Gibbs	Director	
<u>JOAN E. HERMAN*</u> Joan E. Herman	Director	
<u>THOMAS L. MONAHAN III*</u> Thomas L. Monahan III	Director	
<u>RONALD L. NELSON*</u> Ronald L. Nelson	Director	
<u>PHILIP A. ODEEN*</u> Philip A. Odeen	Director	
<u>RICHARD F. WALLMAN*</u> Richard F. Wallman	Director	

*By: /s/ Andre S. Valentine

Andre S. Valentine
as attorney-in-fact

February 21, 2013

Mr. Jeffrey H. Fox
Suite 105
Little Rock, AR 72202

Re: Employment Offer

Dear Jeff:

This letter agreement (the "Agreement") describes the terms and conditions of your employment with Convergys Corporation (the "Company"). This Agreement shall supersede the letter agreement between you and the Company dated November 8, 2010 (the "Prior Agreement"), effective upon execution of this Agreement by you and the Company (the date of such execution, the "Effective Date").

Position and Duties.

1. Resignation as President and Chief Executive Officer. You hereby resign from the offices of President and Chief Executive Officer of the Company and from any and all offices you may hold with the Company's affiliates, effective as of 11:59 PM on October 31, 2012. In addition, effective as of as such time, you hereby resign from any and all directorships you may hold with the Company's affiliates. You agree to execute any and all documentation to effectuate such resignations upon request by the Company, but you will be treated for all purposes as having so resigned as of the time set forth herein, regardless of when or whether you execute any such documentation. As used in this Agreement, the term "affiliate" means any entity controlled by, controlling, or under common control with, the Company.

2. Employment as Executive Chairman of the Board of Directors. Effective as of November 1, 2012, you shall be employed, at the pleasure of the Board of Directors of the Company (the "Board"), as Executive Chairman of the Board. During your employment as Executive Chairman of the Board, you shall (i) have such authority, duties and responsibilities as are commensurate with such position and as are customarily exercised by a person holding such a position in companies of the size and nature of the Company, (ii) report directly to the Board, (iii) serve as a member of the Board and (iv) perform your duties primarily in Little Rock, Arkansas, although you will be required to spend a substantial amount of working time in Cincinnati, Ohio.

Base Salary. During your employment, your annual base salary will consist of (i) \$25,000.00 per month in cash, which equates to \$300,000.00 on an annualized basis, payable in accordance with the Company's usual payroll practices; and (ii) 4,500 common shares of the Company per month through December 31, 2012, and thereafter 5,000 common shares of the Company per month (together with (i), the "Annual Base Salary"). The Annual Base Salary shall be reviewed for increase (but not decrease) at least annually during your employment by the Compensation Committee pursuant to its normal performance review policies for senior executives. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligations to you under this Agreement. Notwithstanding anything in any compensation and benefit plans, programs, policies, agreements or other arrangements of the Company and its affiliates to the contrary, the Annual Base Salary shall be considered to be annual base salary for all purposes of all compensation and benefit plans, programs, policies, agreements or other arrangements of the Company and its affiliates. The term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased or decreased.

Annual Incentive. During your employment, you will be eligible to participate in the Company's annual incentive plan (“AIP”), with the percentage achievement of your incentive based upon terms and conditions as agreed with the Compensation Committee of the Board (the “Compensation Committee”). Your annual incentive target (“Annual Incentive Target”) for 2012 shall continue to be equal to 100,000 common shares of the Company, with an opportunity to earn up to 200,000 common shares of the Company, and your Annual Incentive Target for 2013 shall be equal to 101,563 common shares of the Company, with an opportunity to earn up to 203,126 common shares of the Company. Any common shares of the Company earned pursuant to the AIP will be granted to you at the same time as annual bonuses are paid to senior executives of the Company generally, but in no event later than two and a half months after the end of the performance period (the “Annual Bonus”), and, notwithstanding anything in the AIP to the contrary, you shall be entitled to receive a pro rata portion of any Annual Bonus earned pursuant to the AIP, based on the portion of the applicable performance period that you are employed by the Company. Notwithstanding anything in any compensation and benefit plans, programs, policies, agreements or other arrangements of the Company and its affiliates to the contrary, the Annual Bonus shall be considered to be an annual bonus for all purposes of all compensation and benefit plans, programs, policies, agreements or other arrangements of the Company and its affiliates.

Long Term Incentive Compensation. Effective as of the Effective Date, you will no longer be eligible to receive awards pursuant to the Company's long term incentive compensation program for employees of the Company under the Convergys Corporation Long-Term Incentive Plan (the “LTIP”). However, each of your outstanding long term incentive compensation awards granted prior to the Effective Date under the LTIP (the “Outstanding LTIP Awards”) shall remain outstanding in accordance with the terms of LTIP and the applicable Evidence of Award (as defined in the LTIP), as such terms are modified by this Agreement. Notwithstanding anything to the contrary in the LTIP or the applicable Evidence of Award: (i) none of your Outstanding LTIP Awards shall be forfeited, or, in the case of an Outstanding LTIP Award of stock options, cease to be exercisable, solely as a result of termination of your employment as Executive Chairman of the Board (other than such a termination for “Cause”, or for “Good Cause” or “Detrimental Activity” (as defined in the LTIP or the applicable Evidence of Award), as applicable), provided that you continue to serve as a member of the Board immediately after such termination of employment; (ii) each of your Outstanding LTIP Awards shall continue to vest in accordance with the vesting schedule and conditions set forth in the applicable Evidence of Award, based upon your continued employment by, or service as a member of the Board of, the Company; (iii) each of your Outstanding LTIP Awards that are stock options shall continue to be exercisable following the termination of your service as a member of the Board in the same manner as such Outstanding LTIP Awards would be exercisable under the provisions of the applicable Evidence of Award and the Plan following your termination of employment with the Company; and (iv) in the event of a termination of your employment or service as a member of the Board by the Company without Cause or a resignation by you for Good Reason (each as defined below), you will receive pro-rata vesting of your Outstanding LTIP Awards.

Other Compensation and Benefit Plans. During your employment, you and/or your family, as the case may be, will be eligible to participate in any and all other compensation and benefits plans, programs, policies and other arrangements of the Company and its subsidiaries to the same extent as provided generally to similarly situated executives of the Company. During your employment, you will be entitled to not less than four (4) weeks of paid vacation per year and, subject to the immediately following paragraph, the Company will promptly reimburse you for all reasonable business expenses incurred by you in accordance with the Company's expense reimbursement policies in the performance of your duties to the Company; provided, however, that (i) the amount of expenses eligible for reimbursement in any given calendar year shall not affect the expenses that the Company is obligated to reimburse in any other calendar year, and (ii) in no event shall the Company's obligations to make such



reimbursements or to provide such in-kind benefits apply later than your remaining lifetime (or, if longer, through the sixth (6th) anniversary of the date hereof).

Personal Aircraft Use. During your employment, the Company shall reimburse you for reasonable use of your personal aircraft at a rate of \$2500.00 per hour for business travel expenses. Each month you shall submit a report to the Compensation Committee that describes your use of personal aircraft for business so that the Compensation Committee may review such usage for reasonableness. Discussions between you and the Compensation Committee shall determine what constitutes reasonable usage. The Compensation Committee shall make reimbursements on a regular basis.

Severance. During your employment, you shall participate in the 2012 Convergys Corporation Senior Executive Severance Pay Plan or its successor, as it may be amended from time to time (the "Severance Pay Plan"), provided that, for purposes of your participation in the Severance Pay Plan, the terms "Cause" and "Good Reason" shall have the meanings set forth below. In addition, notwithstanding any provision of the Severance Pay Plan to the contrary, upon a termination without Cause or a resignation for Good Reason, you will receive, subject to your execution and non-revocation of a release, (i) a pro rated Annual Bonus based on actual performance for the calendar year of termination and (ii) pro rata vesting of the Outstanding LTIP Awards. Notwithstanding any provision of the Severance Pay Plan to the contrary, you shall also be entitled to (i) any earned but unpaid Annual Base Salary through the date of termination, (ii) accrued but unused vacation and sick days through the date of termination, (iii) Annual Bonuses for any years completed prior to the date of termination that have been earned but unpaid and (iv) all other accrued and vested but unpaid benefits, as soon as practicable under the terms and conditions of the applicable plan, program or arrangement. The release to be used for you under the Company's Severance Pay Plan and for purposes of the pro rata bonus and Outstanding LTIP Awards shall be in a form provided by the Company and reasonably acceptable to you.

You shall be under no obligation to seek other employment or take any other action by way of mitigation of the amounts payable, or benefits provided, to you under any of the provisions of this Agreement. The Company's obligation to make the payments, and provide the benefits, under this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off or counterclaim against you. "Cause" shall mean you have engaged in any of the following: (A) willful misconduct or gross negligence in the performance of any of your duties to the Company, which would reasonably be expected to result in a material liability to the Company; (B) intentional failure or refusal to perform reasonably and lawfully assigned duties; (C) any indictment for, conviction of, or plea of guilty or nolo contendere to, (1) any felony or (2) any crime (whether or not a felony) involving fraud, theft, breach of trust or similar acts; or (D) any willful failure to comply with any material written rules, regulations, policies or procedures of the Company. If the Company terminates your employment for Cause, the Company shall provide written notice to you of that fact on or before the termination of employment and you shall have 30 days to cure after which time, if the condition is uncured, the Company shall have the right to terminate you for Cause. "Good Reason" shall mean (A) a material breach by the Company of any provision of this Agreement; (B) a reduction in your title as Executive Chairman of the Board of the Company, (C) a material reduction in your base salary, a material breach of the incentive compensation provisions of this Agreement or the failure to pay you your base salary or earned incentive compensation amounts or, except for across-the-board reductions that apply to senior executives generally, a material reduction in your aggregate level of benefits or the failure to provide you with any such benefits, (D) a material diminution to your authorities, duties, responsibilities or reporting relationships or the assignment to you of duties that are materially inconsistent with your position under this Agreement, and (E) the relocation of your principal place of business outside of Little Rock, Arkansas or anywhere other than the Company's headquarters and principal executive offices located in Cincinnati, Ohio, provided that, no severance payments will be made following your resignation due to the



occurrence of the events described in clauses (A) through (E) unless following such breach, (x) you notify the Company, in writing, within 60 days of the occurrence of such breach, (y) the Company fails to cure such event within 30 days after receipt of such written notice, and (z) you resign within 60 days of the conclusion of such cure period. Notwithstanding the foregoing, you hereby acknowledge and agree that (i) neither the change in your title from President and Chief Executive Officer to Executive Chairman of the Board, nor any of the other changes in the terms and conditions of your employment relationship that are contemplated by this Agreement arising from such change in your title shall constitute "Good Reason" for any purposes whatsoever under this Agreement, the Prior Agreement, the Outstanding LTIP Awards, the Severance Pay Plan or any other compensation agreement, plan or arrangement of the Company; (ii) neither any change in your title from Executive Chairman of the Board to non-employee member of the Board of Directors of the Company, nor any other changes in the terms and conditions of your service relationship with the Company that are consistent with the Company's compensation program, as in effect from time to time, for non-employee members of the Board of Directors, and that arise from such a change in your title shall constitute "Good Reason" for any purposes whatsoever under this Agreement, the Outstanding LTIP Awards, the Severance Pay Plan or any other compensation agreement, plan or arrangement of the Company; and (iii) neither the failure by the Company's shareholders to elect or re-elect you as a member of the Board, nor your resignation from the Board following such failure, shall be deemed to constitute "Good Reason" for purposes of this Agreement, the Outstanding LTIP Awards, the Severance Pay Plan or any other compensation agreement, plan or arrangement of the Company.

No Compensation for Board Service. You agree that while you serve as an employee of the Company, you shall receive no additional compensation for your service on the Board.

Tax Withholding. The Company may withhold from any amounts payable to you under this Agreement such United States federal, state or local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

Indemnification/D&O. You, your heirs and representatives will be provided with indemnification (and advancement of fees and expenses), and will be held harmless by the Company, for your service as a director, officer and employee of the Company and its affiliates to the maximum extent permitted by law and will be provided with directors and officers insurance on the same basis as other directors and officers of the Company.

Resignation. You agree to give the Company 30 days' advance, written notice of your decision to resign. The terms of this Agreement will terminate automatically effective as of your date of resignation.

Resolution of Disputes. Any disputes between you and the Company or its officers or agents regarding termination, change in position, an intentional tort, or harassment, retaliation, or discrimination based on local, state, or federal law will be subject to confidential, final and binding arbitration in Cincinnati, Ohio in accordance with the Federal Arbitration Act and/or applicable Ohio law and, to the extent not specified here, AAA rules. You and the Company waive all rights to a judge or jury trial in court, although you are permitted to file a charge with, and/or assist, an administrative agency like the Equal Employment Opportunity Commission. A claim must be made within six months of a party's knowledge of the disputed matter or it is waived, and remedies are actual, compensatory, liquidated, and punitive damages, and attorney fees, but do not include reinstatement or promotion (for which front pay may be awarded instead). The Company will pay the arbitrator's fees and expenses, but each party is responsible for their own attorneys' fees, costs of witnesses, and evidence. Each side will limit discovery to two depositions, except that the arbitrator may permit additional discovery. Judgment upon the arbitration award may be entered in state or federal court.

Effect of Termination. A termination of this Agreement will not affect the rights and obligations of the parties under this Agreement, the terms of which will survive termination of this Agreement. This Agreement shall be binding on the Company and its successors and assigns and shall run in favor of, and be enforceable by, your personal or legal representatives, executors, estate, successors and heirs.

Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) or an exception or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Severance payments are intended to be excluded from coverage under Section 409A of the Code. In the event that such payments are deemed to be “nonqualified deferred compensation” for purposes of Section 409A of the Code and you are a “specified employee” within the meaning of Section 409A of the Code, severance amounts that would otherwise be payable during the six-month period immediately following your date of termination of employment shall instead be paid on the first business day after the date that is six months following such date. Each payment hereunder shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may you, directly or indirectly, designate the calendar year of any payment to be made hereunder. The Company and you shall cooperate to ensure that the date of termination of employment coincides with the date of your “separation from service” within the meaning of Section 409A of the Code, to the extent necessary for purposes of compliance with Section 409A of the Code.

All reimbursements and in-kind benefits provided hereunder that constitute deferred compensation within the meaning of Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code.

To the extent permitted by the applicable Treasury Regulations, the Company may, in consultation with you, modify the terms hereof, in the least restrictive manner necessary and without any material diminution in the value of your rights, in order to cause the provisions hereof to comply with the requirements of Section 409A of the Code, so as to avoid the imposition of taxes and penalties on you pursuant to Section 409A of the Code. In no event shall the Company have any liability for taxes or other penalties imposed on you under Section 409A.

Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements. In the event of any inconsistency between any provision of this Agreement and any provision of any other plan, program, agreement or other arrangement of the Company (including, without limitation, any terms in the Outstanding LTIP Awards, the LTIP or the Severance Pay Plan), the provisions of this Agreement will control.

Governing Law and Employment “At Will”. Your employment will be governed by Ohio law, without reference to principles of conflict of laws. You also acknowledge you are an employee “at will” under Ohio law.

Please indicate your acceptance of these terms by signing below and returning a copy to me.

Both you and the Company have had sufficient time to review and consider this letter before signing below.

Very truly yours,

Name: Claudia L. Cline

Title: Senior Vice President and
General Counsel

Accepted and agreed:

Jeffrey H. Fox

Date: _____

Exhibit 12 - Ratio of Earnings to Fixed Charges

CONVERGYS CORPORATION
Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends
(Amounts in millions)

	For the Twelve Months Ended	For the Twelve Months Ended	For the Twelve Months Ended	For the Twelve Months Ended	For the Twelve Months Ended
	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Income before income taxes, extraordinary charges and cumulative effect of change in accounting principle	28.2	282.5	(109.8)	41.2	26.9
Adjustment for undistributed (income)/losses of partnerships, net of distributions	—	10.5	(11.5)	(1.0)	3.5
Interest expense	13.6	16.1	19.5	28.9	22.5
Portion of rental expense deemed interest	22.0	20.4	20.5	21.5	19.4
Total earnings	63.8	329.5	(81.3)	90.6	72.3
Fixed Charges:					
Interest expense	13.6	16.1	19.5	28.9	22.5
Portion of rental expense deemed interest	22.0	20.4	20.5	21.5	19.4
Total fixed charges	35.6	36.5	40.0	50.4	41.9
Preferred dividends:					
Preferred dividends	—	—	—	—	—
Combined fixed charges and preferred dividends	35.6	36.5	40.0	50.4	41.9
Ratio of Earnings to Fixed Charges	1.8	9.0	(2.0)	1.8	1.7
Ratio of Earnings to Combined Fixed Charges and Preferred Dividends	1.8	9.0	(2.0)	1.8	1.7

Exhibit 21 to 2012 10-K

Convergys Corporation Direct and Indirect Subsidiaries
As of 12/31/2012

Entity Name	Jurisdiction
Convergys Corporation	Ohio
Asset Ohio Fourth Street LLC	Ohio
Convergys Software Service (Beijing) Ltd.	Peoples Republic of China
Convergys Government Solutions LLC	Ohio
Convergys Customer Management Group Inc.	Ohio
Convergys Customer Management Australia Pty Ltd.	Australia
Convergys Customer Management Colombia S.A.S	Colombia
Convergys Cyprus Limited	Cyprus
Nodisko Trading Limited	Cyprus
Rosas Limited	Cyprus
Convergys EC Inc.	Ohio
Convergys Funding Inc.	Kentucky
Convergys Customer Management International Inc.	Ohio
Convergys Customer Management Group Canada Holdings Inc. (99.84%)	Delaware
CCM Limited Partner ULC	Nova Scotia, Canada
Convergys CMG Canada Limited Partnership (99% LP)	Manitoba, Canada
Convergys New Brunswick, Inc.	New Brunswick, Canada
Convergys CMG Canada Limited Partnership (1% GP)	Manitoba, Canada
Convergys Customer Management Delaware LLC	Delaware
Convergys Services Denmark ApS	Denmark
Convergys Korea Limited (51%)	Korea
Convergys Customer Management Mexico S. de R.L. de C.V. (1%)	Mexico
Convergys Mexico S. de R. L. de C. V. (0.03%)	Mexico
Convergys Customer Management Netherlands B.V.	Netherlands
Convergys CMG UK Limited	United Kingdom
PT Convergys Customer Management Indonesia (1%)	Indonesia
Convergys International B.V.	Netherlands
Convergys Philippines Services Corporation	Philippines
Convergys Singapore Holdings Pte. Ltd.	Singapore
Intervice, LLC (30%)	Texas
Encore Receivable Management, Inc.	Kansas
Convergys India Services Private Limited	India
Convergys International Solutions (Mauritius) Limited	Mauritius
Convergys CMG Insurance Services LLC	Ohio
Convergys Learning Solutions LLC	Delaware
DigitalThink (India) Pvt. Ltd.	India
Convergys Customer Management Group Canada Holding Inc. (0.16%)	Delaware

Convergys Customer Management Mexico S. de R.L. de C.V. (99%)	Mexico
Convergys Mexico S. de R. L. de C. V. (99.97%)	Mexico
Convergys Employee Care Puerto Rico, LLC	Puerto Rico

Convergys Singapore Operations Pte. Ltd.	Singapore
Intervoice, LLC (70%)	Texas
Edify LLC	Delaware
Edify Holding Company, Inc.	Delaware
Intervoice-Brite Inc.	Texas
Intervoice GP, Inc.	Nevada
Intervoice Limited Partnership (1%)	Nevada
Intervoice LP, Inc.	Nevada
Intervoice Limited Partnership (99%)	Nevada
Intervoice Acquisition Subsidiary II, Inc.	Nevada
Intervoice Acquisition Subsidiary, Inc.	Nevada
Intervoice Colombia Ltda. (6%)	Colombia
Intervoice do Brasil Comercio Servicos e Partipacoes Ltda. (0.1%)	Brazil
Intervoice Colombia Ltda. (94%)	Colombia
Intervoice de Brasil Comercio Services e Partipacoes Ltda. (99.9%)	Brazil
Intervoice Services, Inc.	Texas
Brite Voice Systems, LLC	Kansas
Intervoice Pte Ltd.	Singapore
Intervoice Brite (Pty) Ltd.	South Africa
BVSI, Inc.	Delaware
Intervoice Limited	United Kingdom
Intervoice GmbH	Germany
PT Convergys Customer Management Indonesia (99%)	Indonesia

• All subsidiaries conduct business under their legal name.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-4 No. 333-161586) of Convergys Corporation,
- (2) Registration Statement (Form S-3 No. 333-150856) of Convergys Corporation,
- (3) Registration Statement (Form S-8 No. 333-165385) pertaining to Convergys Corporation Salary Stock Unit Award Agreement with an Employee, Restricted Stock Unit Award Agreement with an Employee, and Stand Alone Stock Option Award,
- (4) Registration Statement (Form S-8 No. 333-96735) pertaining to Convergys Corporation Executive Deferred Compensation Plan,
- (5) Registration Statement (Form S-8 No. 333-111209) pertaining to Convergys Corporation Employee Stock Purchase Plan,
- (6) Registration Statement (Form S-8 No. 333-96733) pertaining to Convergys Corporation Retirement and Savings Plan,
- (7) Registration Statement (Form S-8 No. 333-96729) pertaining to Convergys Corporation Deferred Compensation and Option Gain Deferral Plan for Non-Employee Directors,
- (8) Registration Statement (Form S-8 No. 333-96727) pertaining to Convergys Corporation 1998 Long Term Incentive Plan,
- (9) Registration Statement (Form S-8 No. 333-86137) pertaining to Convergys Corporation Canadian Employee Share Purchase Plan, and
- (10) Registration Statement (Form S-8 No. 333-66992) pertaining to Geneva Technology Limited Unapproved Share Option Scheme 1998 of Convergys Corporation;

of our reports dated February 21, 2013, with respect to the consolidated financial statements and schedule of Convergys Corporation and the effectiveness of internal control over financial reporting of Convergys Corporation included in this Annual Report (Form 10-K) of Convergys Corporation for the year ended December 31, 2012.

/s/ Ernst & Young LLP
Ernst & Young LLP
Cincinnati, Ohio
February 21, 2013

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine, and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

John F. Barrett
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Richard R. Devenuti
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Jeffrey H. Fox
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Joseph E. Gibbs
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 31st day of January, 2013.

Joan E. Herman
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Thomas L. Monahan III
Director

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Ronald L. Nelson
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Philip A. Odeen
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 31st day of January, 2013.

Richard F. Wallman
Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CONVERGYS CORPORATION, an Ohio corporation (hereinafter referred to as the "Company"), proposes to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2012; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Andre S. Valentine and Jarrod B. Pontius and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 31st day of January, 2013.

Andrea J. Ayers
Director

Certification

I, Andrea J. Ayers, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 21, 2013

/s/ Andrea J. Ayers

Andrea J. Ayers

Chief Executive Officer

Certification

I, Andre S. Valentine, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 21, 2013

/s/ Andre S. Valentine
Andre S. Valentine
Chief Financial Officer

Exhibit 32.1 to 2012 10-K

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-K for the year ended December 31, 2012 of Convergys Corporation (the "Company"), as filed with the Securities and Exchange Commission on February 21, 2013 (the "Report"), I, Andrea J. Ayers, 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/ Andrea J. Ayers

Andrea J. Ayers
Chief Executive Officer

February 21, 2013

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-K and shall not be considered filed as part of the Form 10-K.

Exhibit 32.2 to 2012 10-K

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-K for the year ended December 31, 2012 of Convergys Corporation (the "Company"), as filed with the Securities and Exchange Commission on February 21, 2013 (the "Report"), I, Andre S. Valentine, 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/ Andre S. Valentine

Andre S. Valentine
Chief Financial Officer

February 21, 2013

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-K and shall not be considered filed as part of the Form 10-K.

Income Taxes (Tables)

12 Months Ended
Dec. 31, 2012

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Schedule of Components of Income Tax Expense \(Benefit\)](#)

The Company's provision (benefit) for income taxes from continuing operations consists of the following:

	Year Ended December 31,		
	2012	2011	2010
Current:			
United States federal	\$ (0.9)	\$ 79.7	\$ (10.0)
Foreign	8.0	11.0	5.2
State and local	(1.8)	0.3	(2.8)
Total current	5.3	91.0	(7.6)
Deferred:			
United States federal	(4.7)	13.3	(5.3)
Foreign	(0.8)	(4.7)	(6.0)
State and local	1.3	6.9	11.4
Total deferred	(4.2)	15.5	0.1
Total	\$ 1.1	\$ 106.5	\$ (7.5)

[Schedule of Effective Income Tax Rate Reconciliation](#)

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate from continuing operations for the tax expense in 2012, 2011 and 2010:

	Year Ended December 31,		
	2012	2011	2010
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
Permanent differences	12.4	1.6	3.1
State and local income taxes, net of federal income tax	(3.4)	0.9	(4.7)
International rate differential, including tax holidays	(54.2)	(3.3)	17.0
Foreign valuation allowances	(4.9)	1.3	(0.1)
Impairments	46.5	—	(44.6)
Adjustments for uncertain tax positions	(1.8)	4.7	(1.4)
Restructuring	(9.2)	(10.6)	—
Tax credits and other	(16.5)	(2.2)	2.1
Effective rate	3.9 %	27.4 %	6.4 %

[Schedule of Deferred Tax Assets and Liabilities](#)

The components of deferred tax assets and liabilities are as follows:

	At December 31,	
	2012	2011
Deferred tax assets:		
Loss and credit carryforwards	\$ 54.1	\$ 93.2
Pension and employee benefits	50.9	76.4
Restructuring charges	2.4	0.9
Deferred revenue	3.9	3.2
Foreign currency hedge	(7.2)	0.7
Other	43.1	43.0
Valuation allowances	(19.7)	(21.3)
Total deferred tax assets	127.5	196.1
Deferred tax liabilities:		
Depreciation and amortization	163.2	155.2

Deferred implementation costs	1.4	0.4
Contingent debt and accrued interest	50.4	44.0
Foreign currency hedge	—	—
Other	22.9	28.5
Total deferred tax liabilities	237.9	228.1
Net deferred tax (liabilities) / assets	\$ (110.4)	\$ (32.0)

Deferred tax assets and liabilities in the preceding table, after netting by taxing jurisdiction, are in the following captions in the Consolidated Balance Sheets at December 31, 2012 and 2011.

	At December 31,	
	2012	2011
Current deferred tax asset	\$ 8.9	\$ 44.8
Non-current deferred tax asset	19.2	26.1
Current deferred tax liability	2.0	1.9
Non-current deferred tax liability	136.5	101.0
Total deferred tax (liability)/asset	(110.4)	(32.0)

[Summary of Income Tax Contingencies](#)

A reconciliation of the beginning and ending total amounts of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

	2012	2011
Balance at January 1	\$ 88.8	\$ 63.9
Additions based on tax positions related to the current year	0.5	26.7
Additions for tax positions of prior years	2.8	—
Reductions for tax positions of prior years	(15.8)	(1.5)
Settlements	(40.0)	2.4
Lapse of statutes	(1.4)	(2.7)
Balance at December 31	\$ 34.9	\$ 88.8

Goodwill and Other **12 Months Ended**
Intangible Assets and Long-
Lived Assets (Schedule of
Goodwill) (Details) (USD \$) **Dec. 31, 2012** **Dec. 31, 2011**
In Millions, unless otherwise
specified

Goodwill [Line Items]

<u>Beginning Balance</u>	\$ 621.5	\$ 624.1
<u>Acquisitions</u>	0	0
<u>Impairment</u>	(46.0)	0
<u>Foreign currency and other</u>	2.2	(2.6)
<u>Ending Balance</u>	\$ 577.7	\$ 621.5

**Earnings (Loss) Per Share
and Shareholder's Equity
(Schedule Of Reconciliation
Of The Numerator And
Denominator Of The Basic
And Diluted Earnings (Loss)
Per Share (EPS)
Computations) (Details)
(USD \$)**

3 Months Ended

12 Months Ended

**In Millions, except Per Share
data, unless otherwise
specified**

Earnings Per Share

	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Basic</u>									112.2	120.2	123.1
<u>Stock-based compensation arrangements</u>									2.1	2.1	0
<u>Convertible Debt, Share Diluted EPS</u>									2.8	0.6	0
<u>Income from continuing operations</u>	\$ 30.2	\$ 30.3	\$ (53.7)	\$ 21.4	\$ 39.3	\$ 191.3	\$ 24.0	\$ 27.9	\$ 28.2	\$ 282.5	\$ (109.8)
<u>Income from continuing operations, Diluted EPS</u>									28.2	282.5	(109.8)
<u>Income (loss) from continuing operations, per basic share</u>	\$ 0.28	\$ 0.27	\$ (0.47)	\$ 0.19	\$ 0.33	\$ 1.59	\$ 0.20	\$ 0.23	\$ 0.25	\$ 2.35	\$ (0.89)
<u>Stock-based compensation arrangements continuing operations, per share</u>									\$ 0.00	\$ (0.05)	\$ 0.00
<u>Convertible debt continuing operation, per share</u>									\$ (0.01)	\$ 0.00	\$ 0.00
<u>Convertible Debt, Discontinued Operations, Per Share</u>									\$ (0.02)	\$ 0.00	\$ 0.00
<u>Income (loss) from continuing operations, per diluted share</u>	\$ 0.27	\$ 0.26	\$ (0.47)	\$ 0.18	\$ 0.33	\$ 1.57	\$ 0.19	\$ 0.22	\$ 0.24	\$ 2.30	\$ (0.89)
<u>Income from Discontinued Operations, net of tax</u>									72.4	52.3	56.6
<u>Income (loss) from discontinued operations, Diluted EPS</u>									\$ 72.4	\$ 52.3	\$ 56.6
<u>Income (loss) from discontinued operations, per basic share</u>	\$ 0.02	\$ (0.02)	\$ 0.60	\$ 0.04	\$ 0.13	\$ 0.19	\$ 0.06	\$ 0.06	\$ 0.65	\$ 0.44	\$ 0.46
<u>Stock-based compensation arrangements discontinued operations, per share</u>									\$ (0.01)	\$ (0.02)	\$ 0.00
<u>Income (loss) from discontinued operations, per diluted share</u>	\$ 0.02	\$ (0.02)	\$ 0.60	\$ 0.04	\$ 0.12	\$ 0.18	\$ 0.07	\$ 0.06	\$ 0.62	\$ 0.42	\$ 0.46
<u>Net basic earnings (loss) per share</u>	\$ 0.30	\$ 0.25	\$ 0.13	\$ 0.23	\$ 0.46	\$ 1.78	\$ 0.26	\$ 0.29	\$ 0.90	\$ 2.79	\$ (0.43)

<u>Stock-based compensation arrangements per share, total</u>										\$	\$	\$ 0.00
										(0.01)	(0.07)	
<u>Convertible debt discontinuing operation, per share, total</u>										\$	\$ 0.00	\$ 0.00
										(0.03)		
<u>Net diluted earnings (loss) per share</u>	\$ 0.29	\$ 0.24	\$ 0.13	\$ 0.22	\$ 0.45	\$ 1.75	\$ 0.26	\$ 0.28	\$ 0.86	\$ 2.72	\$	(0.43)

[1] (a) Includes asset impairment charge of \$88.6.

**Stock-Based Compensation
Plans (Summary Of Stock
Option Activity) (Details)
(USD \$)
In Millions, except Per Share
data, unless otherwise
specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Remaining Contractual Term				0 years 9 months
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Weighted Average Remaining Contractual Term				6 years 7 months
Stock option activity, outstanding				
Outstanding, beginning balance, shares	3.9	5.7	7.8	
Granted, shares	0.7	0.7	0.3	
Exercised, shares	(1.0)	(0.2)	0	
Forfeited/cancelled, shares	(2.4)	(2.3)	(2.4)	
Outstanding, ending balance, shares	1.2	3.9	5.7	
Exercisable, ending balance, shares	0.3	3.2	5.7	7.8
Granted, weighted average exercise price	\$ 12.79	\$ 13.79	\$ 10.88	
Exercised, weighted average exercise price	\$ 11.62	\$ 11.68	\$ 11.74	
Forfeited/cancelled, weighted average exercise price	\$ 31.33	\$ 41.50	\$ 31.14	
Outstanding, weighted average exercise price	\$ 12.91	\$ 23.90	\$ 31.66	\$ 32.21
Exercisable, weighted average exercise price	\$ 11.86	\$ 25.97	\$ 31.66	\$ 32.21
Share-based Compensation Arrangement by Share-based Payment Award, Options, Additional Disclosures [Abstract]				
Outstanding, shares	1.2	3.9	5.7	
Outstanding, weighted average exercise price	\$ 12.91	\$ 23.90	\$ 31.66	\$ 32.21
Exercisable, shares	0.3	3.2	5.7	7.8
Exercisable, weighted average exercise price	\$ 11.86	\$ 25.97	\$ 31.66	\$ 32.21
\$0.0 to \$11.55 [Member]				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Remaining Contractual Term				1 year 2 months
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Weighted Average Remaining Contractual Term				1 year 2 months
Stock option activity, outstanding				
Outstanding, ending balance, shares	0.2			
Exercisable, ending balance, shares	0.2			
Outstanding, weighted average exercise price	\$ 11.20			
Exercisable, weighted average exercise price	\$ 11.20			
Share-based Compensation Arrangement by Share-based Payment Award, Options, Additional Disclosures [Abstract]				
Outstanding, shares	0.2			
Outstanding, weighted average exercise price	\$ 11.20			
Exercisable, shares	0.2			

Exercisable, weighted average exercise price	\$ 11.20
Range of Exercise Prices lower range limit	\$ 0.00
Range of Exercies Prices upper range limit	\$ 11.55
\$11.56 to \$21.81 [Member]	
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Remaining Contractual Term	0 years 1 month
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Weighted Average Remaining Contractual Term	7 years 8 months
Stock option activity, outstanding	
Outstanding, ending balance, shares	1.0
Exercisable, ending balance, shares	0.1
Outstanding, weighted average exercise price	\$ 13.25
Exercisable, weighted average exercise price	\$ 13.12
Share-based Compensation Arrangement by Share-based Payment Award, Options, Additional Disclosures [Abstract]	
Outstanding, shares	1.0
Outstanding, weighted average exercise price	\$ 13.25
Exercisable, shares	0.1
Exercisable, weighted average exercise price	\$ 13.12
Range of Exercise Prices lower range limit	\$ 11.56
Range of Exercies Prices upper range limit	\$ 21.81

**Goodwill and Other
Intangible Assets and Long-
Lived Assets (Schedule Of
Total Intangible Assets
Primarily Acquired Through
Business Combinations)
(Details) (USD \$)
In Millions, unless otherwise
specified**

Dec. 31, 2012 Dec. 31, 2011

Gross Carrying Value	\$ 170.8	\$ 170.8
Accumulated Amortization	(137.1)	(126.0)
Intangible assets, net	33.7	44.8
Software [Member]		
Gross Carrying Value	41.3	41.3
Accumulated Amortization	(26.5)	(21.8)
Intangible assets, net	14.8	19.5
Trademarks [Member]		
Gross Carrying Value	10.0	10.0
Accumulated Amortization	(10.0)	(8.3)
Intangible assets, net	0	1.7
Customer Relationships And Other Intangibles [Member]		
Gross Carrying Value	119.5	119.5
Accumulated Amortization	(100.6)	(95.9)
Intangible assets, net	\$ 18.9	\$ 23.6

Income Taxes **Income Taxes -** **12 Months Ended**
Provision (Benefit) for
Income Taxes (Details) (USD
) **Dec. 31, 2012** **Dec. 31, 2011** **Dec. 31, 2010**
In Millions, unless otherwise
specified

Current:

<u>United States federal</u>	\$ (0.9)	\$ 79.7	\$ (10.0)
<u>Foreign</u>	8.0	11.0	5.2
<u>State and local</u>	(1.8)	0.3	(2.8)
<u>Total current</u>	5.3	91.0	(7.6)

Deferred:

<u>United States federal</u>	(4.7)	13.3	(5.3)
<u>Foreign</u>	(0.8)	(4.7)	(6.0)
<u>State and local</u>	1.3	6.9	11.4
<u>Total deferred</u>	(4.2)	15.5	0.1
<u>Total</u>	\$ 1.1	\$ 106.5	\$ (7.5)

**Divestitures (Schedule Of
Results Included In
Discontinued Operations)
(Details) (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

**Dec. 31, Dec. 31, Dec. 31,
2012 2011 2010**

Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations [Line Items]

<u>Gain (loss) on disposition</u>	\$			
	99.8			
<u>Income (Loss) from Discontinued Operations, Net of Tax, Including Portion Attributable to Noncontrolling Interest</u>	72.4	52.3	56.6	
Information Management [Member]				
<u>Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations [Line Items]</u>				
<u>Revenue from discontinued operations</u>	128.8	328.8	340.1	
<u>Income (loss) before tax</u>	23.7	[1] 58.2	[1] 59.3	[1]
<u>Gain (loss) on disposition</u>	99.8	[2] 0	[2] 0	[2]
<u>Income (loss) before income taxes</u>	123.5	58.2	59.3	
<u>Income tax on operations</u>	7.9	12.4	24.2	
<u>Income tax on gain (loss) on disposition</u>	83.6	0	0	
<u>Income (Loss) from Discontinued Operations, Net of Tax, Including Portion Attributable to Noncontrolling Interest</u>	32.0	45.8	35.1	

HR Management [Member]

Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations [Line Items]

<u>Revenue from discontinued operations</u>	0	0	107.2	
<u>Income (loss) before tax</u>	0	0	25.3	
<u>Gain (loss) on disposition</u>	0	0	35.2	
<u>Income (loss) before income taxes</u>	0	0	60.5	
<u>Income tax on operations</u>	(40.4)	0	9.4	
<u>Income tax on gain (loss) on disposition</u>	0	(6.5)	29.6	
<u>Income (Loss) from Discontinued Operations, Net of Tax, Including Portion Attributable to Noncontrolling Interest</u>	\$	\$ 6.5	\$	
	40.4		21.5	

[1] (1) Excludes costs previously allocated to Information Management that did not meet the criteria for presentation within discontinued operations of \$8.8, \$23.6 and \$28.4 for December 31, 2012, 2011 and 2010, respectively.

[2] (2) Includes \$22.8 of transaction costs related to the sale for December 31, 2012.

Restructuring (Tables)
(Facility Charge [Member])

12 Months Ended
Dec. 31, 2012

Facility Charge [Member]

[Schedule Of Restructuring Liability Activity Balance Included Within Payables,
Deferred Revenue And Other Current Liabilities On The Company's Balance Sheets](#)

	2012	2011	2010
Balance at January 1	\$ 0.5	\$ 4.9	\$ 1.2
Facility charge	0.2	—	9.3
Facility payment	(0.4)	(4.4)	(5.6)
Balance at December 31	\$ 0.3	\$ 0.5	\$ 4.9

Income Taxes **Income Taxes -**
Reconciliation of Statutory
Federal Income Tax Rate
(Details)

12 Months Ended

Dec. 31, 2012 **Dec. 31, 2011** **Dec. 31, 2010**

Income Tax Disclosure [Abstract]

<u>U.S. federal statutory rate</u>	35.00%	35.00%	35.00%
<u>Permanent differences</u>	12.40%	1.60%	3.10%
<u>State and local income taxes, net of federal income tax</u>	(3.40%)	0.90%	(4.70%)
<u>International rate differential, including tax holidays</u>	(54.20%)	(3.30%)	17.00%
<u>Foreign valuation allowances</u>	(4.90%)	1.30%	(0.10%)
<u>Impairments</u>	46.50%	0.00%	(44.60%)
<u>Adjustments for uncertain tax positions</u>	(1.80%)	4.70%	(1.40%)
<u>Restructuring Charges</u>	(9.20%)	(10.60%)	0.00%
<u>Tax credits and other</u>	(16.50%)	(2.20%)	2.10%
<u>Effective rate</u>	3.90%	27.40%	6.40%

**Commitments And
Contingencies Commitments
And Contingencies (Future
Minimum Lease Payments)
(Details) (USD \$)
In Millions, unless otherwise
specified**

Dec. 31, 2012

Commitments and Contingencies Disclosure [Abstract]

<u>2013</u>	\$ 66.2
<u>2014</u>	51.7
<u>2015</u>	46.1
<u>2016</u>	35.9
<u>2017</u>	33.5
<u>Thereafter</u>	27.9
<u>Total</u>	\$ 261.3

Debt (Revolving Credit Facility) (Details) (USD \$) In Millions, unless otherwise specified	12 Months Ended			12 Months Ended					
	Dec. 31, 2012	Mar. 11, 2012	Mar. 11, 2012	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Dec. 31, 2012	Dec. 31, 2011	New Credit Facility [Member]	Prior Credit Facility [Member]	Interest Coverage Ratio, EBITDA [Member]	Interest Coverage Ratio, Consolidated Interest Expense [Member]	Debt-to-EBITDA Ratio, Debt [Member]	Debt-to-EBITDA Ratio, Debt [Member]	Debt-to-EBITDA Ratio, EBITDA [Member]	Debt-to-EBITDA Ratio, EBITDA [Member]
Line of credit, maximum borrowing capacity		\$ 300	\$ 400						
Credit facility, amount outstanding	\$ 0	\$ 0							
Line of Credit Facility, Covenant Terms				4.00	1.00	2.75	3.00	1.00	1.00
Line of Credit Facility, Expiration Date		Mar. 11, 2015							

**Financial Instruments
(Effect Of Derivative
Instruments On
Consolidated Financial
Statements) (Details) (USD
\$)**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

**In Millions, unless otherwise
specified**

Derivative Instruments, Gain (Loss)

<u>Foreign exchange contracts, Gain (Loss) Recognized in OCL</u>	\$ 35.8	\$ (21.6)
<u>Foreign exchange contracts, Gain Reclassified from AOCL to Income</u>	\$ 14.8	\$ 11.6

**Schedule II - Valuation and
Qualifying Accounts
(Details) (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Allowance for Doubtful Accounts [Member]

Valuation and Qualifying Accounts

<u>Balance at Beginning of Period</u>	\$ 9.3	\$ 8.4	\$ 10.5
<u>Charged to Expense</u>	11.9	13.4	10.1
<u>Charged to Other Accounts</u>	0	(0.2)	0
<u>Deductions</u>	15.3	12.3	12.2
<u>Balance at End of Period</u>	5.9	9.3	8.4

Deferred Tax Asset Valuation Allowance [Member]

Valuation and Qualifying Accounts

<u>Balance at Beginning of Period</u>	21.3	20.7	20.8
<u>Charged to Expense</u>	4.2	2.6	3.7
<u>Charged to Other Accounts</u>	0	0	0
<u>Deductions</u>	5.8	2.0	3.8
<u>Balance at End of Period</u>	\$ 19.7	\$ 21.3	\$ 20.7

**Income Taxes Income Taxes -
Deferred Tax Assets and
Liabilities (Details) (USD \$)
In Millions, unless otherwise
specified**

Dec. 31, 2012 Dec. 31, 2011

Deferred tax assets:

<u>Loss and credit carryforwards</u>	\$ 54.1	\$ 93.2
<u>Pension and employee benefits</u>	50.9	76.4
<u>Restructuring charges</u>	2.4	0.9
<u>Deferred revenue</u>	3.9	3.2
<u>Foreign currency hedge</u>	(7.2)	0.7
<u>Other</u>	43.1	43.0
<u>Valuation allowances</u>	(19.7)	(21.3)
<u>Total deferred tax asset</u>	127.5	196.1

Deferred tax liabilities:

<u>Depreciation and amortization</u>	163.2	155.2
<u>Deferred implementation costs</u>	1.4	0.4
<u>Contingent debt and accrued interest</u>	50.4	44.0
<u>Foreign currency hedge</u>	0	0
<u>Other</u>	22.9	28.5
<u>Total deferred tax liability</u>	237.9	228.1
<u>Net deferred tax (liability) / asset</u>	(110.4)	(32.0)
<u>Deferred Tax Assets, Net of Valuation Allowance, Current</u>	8.9	44.8
<u>Deferred Tax Assets, Net of Valuation Allowance, Noncurrent</u>	19.2	26.1
<u>Deferred Tax Liabilities, Net, Current</u>	2.0	1.9
<u>Deferred Tax Liabilities, Net, Noncurrent</u>	\$ 136.5	\$ 101.0

Fair Value Disclosures
(Details) (USD \$)
In Millions, unless otherwise
specified

	Dec. 31,	Dec. 31,
	2012	2011
Fair value assets	\$ 19.5	\$ 22.7
Equity Funds [Member]		
Fair value assets	13.3	15.9
Common Stock [Member]		
Fair value assets	4.9	5.1
Money Market Funds [Member]		
Fair value assets	1.3	1.7
Interest-bearing Deposits [Member]		
Fair value assets	64.3	
Estimate Of Fair Value, Fair Value Disclosure [Member]		
Foreign currency forward contracts (asset position)	28.0	16.9
Foreign currency forward contracts (liability position)	9.6	19.3
Quoted Prices In Active Markets For Identical Assets (Level 1) [Member]		
Foreign currency forward contracts (asset position)	0	0
Foreign currency forward contracts (liability position)	0	0
Fair value assets	19.5	22.7
Quoted Prices In Active Markets For Identical Assets (Level 1) [Member] Equity Funds [Member]		
Fair value assets	13.3	15.9
Quoted Prices In Active Markets For Identical Assets (Level 1) [Member] Common Stock [Member]		
Fair value assets	4.9	5.1
Quoted Prices In Active Markets For Identical Assets (Level 1) [Member] Money Market Funds [Member]		
Fair value assets	1.3	1.7
Quoted Prices In Active Markets For Identical Assets (Level 1) [Member] Interest-bearing Deposits [Member]		
Fair value assets	0	
Significant Other Observable Inputs (Level 2) [Member]		
Foreign currency forward contracts (asset position)	28.0	16.9
Foreign currency forward contracts (liability position)	9.6	19.3
Fair value assets	0	0
Significant Other Observable Inputs (Level 2) [Member] Equity Funds [Member]		
Fair value assets	0	0
Significant Other Observable Inputs (Level 2) [Member] Common Stock [Member]		
Fair value assets	0	0
Significant Other Observable Inputs (Level 2) [Member] Money Market Funds [Member]		
Fair value assets	0	0

Significant Other Observable Inputs (Level 2) [Member] Interest-bearing Deposits [Member]		
Fair value assets	64.3	
Significant Unobservable Inputs (Level 3) [Member]		
Foreign currency forward contracts (asset position)	0	0
Foreign currency forward contracts (liability position)	0	0
Fair value assets	0	0
Significant Unobservable Inputs (Level 3) [Member] Equity Funds [Member]		
Fair value assets	0	0
Significant Unobservable Inputs (Level 3) [Member] Common Stock [Member]		
Fair value assets	0	0
Significant Unobservable Inputs (Level 3) [Member] Money Market Funds [Member]		
Fair value assets	0	0
Significant Unobservable Inputs (Level 3) [Member] Interest-bearing Deposits [Member]		
Fair value assets	\$ 0	

**Stock-Based Compensation
Plans (Restricted Stock
Units) (Details) (Restricted
Stock Units (RSUs)
[Member], USD \$)
In Millions, except Per Share
data, unless otherwise
specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Restricted Stock Units (RSUs) [Member]			
<u>Changes to non-vested restricted stock and restricted stock units</u>			
<u>Non-vested, beginning balance, shares</u>	3.9	4.2	
<u>Non-vested, beginning balance, weighted average fair value at date of grant</u>	\$ 11.08	\$ 10.64	
<u>Granted, shares</u>	1.6	1.5	2.3
<u>Granted, weighted average fair value at date of grant</u>	\$ 13.11	\$ 13.67	\$ 11.45
<u>Vested, shares</u>	(2.2)	(0.6)	
<u>Vested, weighted average fair value at date of grant</u>	\$ 10.17	\$ 11.70	
<u>Forfeited, shares</u>	(0.8)	(1.2)	
<u>Forfeited, weighted average fair value at date of grant</u>	\$ 11.96	\$ 11.22	
<u>Non-vested, ending balance, shares</u>	2.5	3.9	4.2
<u>Non-vested, ending balance, weighted average fair value at date of grant</u>	\$ 12.91	\$ 11.08	\$ 10.64

Quarterly Financial
Information (Unaudited)

12 Months Ended
Dec. 31, 2012

[Quarterly Financial
Information Disclosure](#)

[\[Abstract\]](#)

[Quarterly Financial
Information](#)

Quarterly Financial Information (Unaudited)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2012:					
Revenues	\$ 497.5	\$ 491.1	\$ 507.6	\$ 508.8	\$ 2,005.0
Operating income (loss)	29.0	(60.5) ^(a)	39.1	31.0	38.6
Net income (loss) from continuing operations	21.4	(53.7) ^(a)	30.3	30.2	28.2
Net income (loss) from discontinued operations	4.7	68.3	(2.4)	1.8	72.4
Net income	26.1	14.6	27.9	32.0	100.6
Basic earnings (loss) per share:					
Continuing operations	\$ 0.19	\$ (0.47)	\$ 0.27	\$ 0.28	\$ 0.25
Discontinued operations	0.04	0.60	(0.02)	0.02	0.65
Net basic earnings per common share	\$ 0.23	\$ 0.13	\$ 0.25	\$ 0.30	\$ 0.90
Diluted earnings (loss) per share					
Continuing operations	\$ 0.18	\$ (0.47)	\$ 0.26	\$ 0.27	\$ 0.24
Discontinued operations	0.04	0.60	(0.02)	0.02	0.62
Net basic earnings per common share	\$ 0.22	\$ 0.13	\$ 0.24	\$ 0.29	\$ 0.86
2011:					
Revenues	\$ 464.8	\$ 474.6	\$ 493.3	\$ 500.5	\$ 1,933.2
Operating income	24.7	26.4	28.1	30.9	110.1
Net income from continuing operations	27.9	24.0	191.3	39.3	282.5
Net income from discontinued operations	7.0	7.7	22.4	15.2	52.3
Net income	34.9	31.7	213.7	54.5	334.8
Basic earnings per share:					
Continuing operations	\$ 0.23	\$ 0.20	\$ 1.59	\$ 0.33	\$ 2.35
Discontinued operations	0.06	0.06	0.19	0.13	0.44
Net basic earnings per common share	\$ 0.29	\$ 0.26	\$ 1.78	\$ 0.46	\$ 2.79
Diluted earnings per share					
Continuing operations	\$ 0.22	\$ 0.19	\$ 1.57	\$ 0.33	\$ 2.30
Discontinued operations	0.06	0.07	0.18	0.12	0.42
Net basic earnings per common share	\$ 0.28	\$ 0.26	\$ 1.75	\$ 0.45	\$ 2.72

(a) Includes asset impairment charge of \$88.6.

The sum of the quarterly earnings (loss) per common share may not equal the annual amounts reported because per share amounts are computed independently for each quarter and for full year based on respective weighted-average common shares outstanding and other dilutive potential common shares.

**Investment In Cellular
Partnership (Narrative)
(Details) (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Proceeds from sale of interests in the Cellular Partnerships</u>	\$ 0	\$ 320.0	\$ 0
<u>Gain on sale of interests in Cellular Partnerships</u>	0	265.0	0
<u>Net gain on sale of interest in Cellular Partnerships, net of tax</u>		\$ 171.8	
Cincinnati SMSA Limited Partnership [Member]			
<u>Percentage of interest owned by company</u>		33.80%	
Cincinnati SMSA Tower Holdings LLC [Member]			
<u>Percentage of interest owned by company</u>		45.00%	
AT&T [Member] Cincinnati SMSA Limited Partnership [Member]			
<u>Percentage of interest owned by company</u>		66.00%	
AT&T [Member] Cincinnati SMSA Tower Holdings LLC [Member]			
<u>Percentage of interest owned by company</u>		53.00%	

**Quarterly Financial
Information (Unaudited)
(Tables)**

**12 Months Ended
Dec. 31, 2012**

[Quarterly Financial Information Disclosure](#)
[\[Abstract\]](#)
[Schedule of Quarterly Financial Information](#)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2012:					
Revenues	\$ 497.5	\$ 491.1	\$ 507.6	\$ 508.8	\$2,005.0
Operating income (loss)	29.0	(60.5) ^(a)	39.1	31.0	38.6
Net income (loss) from continuing operations	21.4	(53.7) ^(a)	30.3	30.2	28.2
Net income (loss) from discontinued operations	4.7	68.3	(2.4)	1.8	72.4
Net income	26.1	14.6	27.9	32.0	100.6
Basic earnings (loss) per share:					
Continuing operations	\$ 0.19	\$ (0.47)	\$ 0.27	\$ 0.28	\$ 0.25
Discontinued operations	0.04	0.60	(0.02)	0.02	0.65
Net basic earnings per common share	\$ 0.23	\$ 0.13	\$ 0.25	\$ 0.30	\$ 0.90
Diluted earnings (loss) per share					
Continuing operations	\$ 0.18	\$ (0.47)	\$ 0.26	\$ 0.27	\$ 0.24
Discontinued operations	0.04	0.60	(0.02)	0.02	0.62
Net basic earnings per common share	\$ 0.22	\$ 0.13	\$ 0.24	\$ 0.29	\$ 0.86

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2011:					
Revenues	\$ 464.8	\$ 474.6	\$ 493.3	\$ 500.5	\$1,933.2
Operating income	24.7	26.4	28.1	30.9	110.1
Net income from continuing operations	27.9	24.0	191.3	39.3	282.5
Net income from discontinued operations	7.0	7.7	22.4	15.2	52.3
Net income	34.9	31.7	213.7	54.5	334.8
Basic earnings per share:					
Continuing operations	\$ 0.23	\$ 0.20	\$ 1.59	\$ 0.33	\$ 2.35
Discontinued operations	0.06	0.06	0.19	0.13	0.44
Net basic earnings per common share	\$ 0.29	\$ 0.26	\$ 1.78	\$ 0.46	\$ 2.79
Diluted earnings per share					
Continuing operations	\$ 0.22	\$ 0.19	\$ 1.57	\$ 0.33	\$ 2.30
Discontinued operations	0.06	0.07	0.18	0.12	0.42
Net basic earnings per common share	\$ 0.28	\$ 0.26	\$ 1.75	\$ 0.45	\$ 2.72

**Financial Instruments (Fair
Value of Derivative
Instruments) (Details) (USD
\$)
In Millions, unless otherwise
specified**

	Dec. 31, 2012	Dec. 31, 2011
Other Current Assets [Member]		
Forward exchange contracts and options designated as hedging instruments, assets	\$ 16.4	\$ 13.0
Other Non-Current Assets [Member]		
Forward exchange contracts and options designated as hedging instruments, assets	11.6	3.9
Other Current Liabilities [Member]		
Forward exchange contracts and options designated as hedging instruments, liabilities	6.0	11.2
Other Long-Term Liabilities [Member]		
Forward exchange contracts and options designated as hedging instruments, liabilities	\$ 3.5	\$ 8.1

**Financial Instruments
(Tables)**

**12 Months Ended
Dec. 31, 2012**

**Derivative Instruments and
Hedging Activities Disclosure**

[Abstract]

**Fair Value Of Derivative
Instruments**

The following table reflects the fair values of these derivative instruments:

	December 31,	
	2012	2011
Forward exchange contracts and options designated as hedging instruments		
Included within other current assets	\$ 16.4	\$ 13.0
Included within other non-current assets	11.6	3.9
Included within other current liabilities	6.0	11.2
Included within other long-term liabilities	3.5	8.1

**Effect Of Derivative Instruments
On Consolidated Financial
Statements**

The following tables provide the effect of these derivative instruments on the Company's Consolidated Financial Statements for the year ended December 31, 2012 and 2011, respectively:

2012:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ 35.8	\$ 14.8	Cost of providing services and products sold and Selling, general and administrative

2011:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ (21.6)	\$ 11.6	Cost of providing services and products sold and Selling, general and administrative

**Investment In Cellular
Partnership (Schedule Of
Equity In Earnings Of
Equity Method Investees)
(Details) (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Earnings from Cellular Partnerships, net	\$ 0	\$ 20.2	\$ 47.2
Transaction costs related to the sale of Convergys' interest in Cellular Partnerships	0	(1.2)	0
Gain on sale of interests in the Cellular Partnerships	0	(265.0)	0
Total earnings from Cellular Partnerships, net	0	285.2	47.2
Cincinnati SMSA Limited Partnership [Member]			
Earnings from Cellular Partnerships, net	0	20.5	46.1
Cincinnati SMSA Tower Holdings LLC [Member]			
Earnings from Cellular Partnerships, net	\$ 0	\$ 0.9	\$ 1.1

Employee Benefit Plans
(Details 1) (USD \$)
In Millions, unless otherwise
specified

12 Months Ended
Dec. 31, Dec. 31, Dec. 31,
2012 2011 2010

Defined Benefit Plan, Net Periodic Benefit Cost [Abstract]

Other comprehensive income (loss) \$ 36.2 \$ (31.4) \$ 41.7

Defined Benefit Plan, Change in Fair Value of Plan Assets [Roll Forward]

Fair value of plan assets at beginning of year 140.4

Fair value of plan assets at end of year 171.7 140.4

Non-current liability 109.2 136.0

Other Pension Plans, Defined Benefit [Member]

Defined Benefit Plan, Net Periodic Benefit Cost [Abstract]

Service cost 0 0.7 0.9

Interest cost 1.0 1.3 2.0

Amortization and deferrals - net (0.2) (0.1) (0.1)

Curtailment (benefit) loss recognized during the period 0.1 (2.4) 1.8

Settlement (gain) loss recognized during the period (0.2) 0 1.4

Pension cost 0.7 (0.5) 6.0

Other comprehensive income (loss) 1.9 1.3 (3.1)

Defined Benefit Plan, Change in Benefit Obligation [Roll Forward]

Benefit obligation at beginning of year 24.6 33.2

Service cost 0 0.7 0.9

Interest cost 1.0 1.3 2.0

Actuarial loss (gain) 1.1 (1.9)

Benefits paid (6.1) (6.2)

Curtailements 0.5 (2.5)

Benefit obligation at end of year 21.1 24.6 33.2

Defined Benefit Plan, Change in Fair Value of Plan Assets [Roll Forward]

Employer contribution (21.1) (24.6)

Funded status (21.1) (24.6)

Current liability 8.8 6.2

Non-current liability 12.3 18.4

Accumulated other comprehensive income (loss) 2.3 4.1

Defined Benefit Plan, Expected Future Benefit Payments, Fiscal Year

Maturity [Abstract]

2013 8.8

2014 2.0

2015 1.6

2016 1.3

2017 0.6

2018-2022 3.2

Total 17.5

Pension Plans, Defined Benefit [Member]

Defined Benefit Plan, Net Periodic Benefit Cost [Abstract]

<u>Service cost</u>	3.7	2.8	2.6
<u>Interest cost</u>	11.6	12.0	12.1
<u>Expected return on plan assets</u>	(11.6)	(11.4)	(12.3)
<u>Amortization and deferrals - net</u>	17.2	8.7	6.6
<u>Curtailment (benefit) loss recognized during the period</u>	(0.2)	0	0
<u>Settlement (gain) loss recognized during the period</u>	6.8	0	6.8
<u>Pension cost</u>	27.5	12.1	15.8
<u>Other comprehensive income (loss)</u>	(11.8)	(29.5)	(1.3)
<u>Defined Benefit Plan, Change in Benefit Obligation [Roll Forward]</u>			
<u>Benefit obligation at beginning of year</u>	252.5	224.3	
<u>Service cost</u>	3.7	2.8	2.6
<u>Interest cost</u>	11.6	12.0	12.1
<u>Change in plan provisions</u>	0	(1.0)	
<u>Actuarial loss (gain)</u>	22.2	28.9	
<u>Benefits paid</u>	(20.7)	(14.5)	
<u>Curtailements</u>	(3.8)	0	
<u>Benefit obligation at end of year</u>	265.5	252.5	224.3
<u>Defined Benefit Plan, Change in Fair Value of Plan Assets [Roll Forward]</u>			
<u>Fair value of plan assets at beginning of year</u>	140.4	134.1	
<u>Actual return on plan assets</u>	18.7	0	
<u>Employer contribution</u>	(93.8)	(112.0)	
<u>Fair value of plan assets at end of year</u>	171.7	140.4	134.1
<u>Funded status</u>	(93.8)	(112.0)	
<u>Non-current liability</u>	93.8	112.0	
<u>Accumulated other comprehensive income (loss)</u>	(102.4)	(114.1)	
<u>Defined Benefit Plan, Expected Future Benefit Payments, Fiscal Year</u>			
<u>Maturity [Abstract]</u>			
<u>2013</u>	39.0		
<u>2014</u>	12.3		
<u>2015</u>	13.4		
<u>2016</u>	14.3		
<u>2017</u>	15.7		
<u>2018-2022</u>	85.3		
<u>Total</u>	180.0		
Other Pension Plans, Postretirement or Supplemental Plans, Defined Benefit [Member]			
<u>Defined Benefit Plan, Net Periodic Benefit Cost [Abstract]</u>			
<u>Service cost</u>	0	0.2	0.4
<u>Interest cost</u>	0.3	0.9	1.4
<u>Expected return on plan assets</u>	(0.5)	(0.5)	(0.6)
<u>Amortization and deferrals - net</u>	(5.5)	(4.0)	(0.7)
<u>Curtailment (benefit) loss recognized during the period</u>	(3.8)	0	0
<u>Pension cost</u>	(9.5)	(3.4)	0.5
<u>Other comprehensive income (loss)</u>	(8.3)	14.1	(2.0)

Defined Benefit Plan, Change in Benefit Obligation [Roll Forward]

<u>Benefit obligation at beginning of year</u>	8.6	27.1	
<u>Service cost</u>	0	0.2	0.4
<u>Interest cost</u>	0.3	0.9	1.4
<u>Change in plan provisions</u>	0	(16.8)	
<u>Actuarial loss (gain)</u>	(0.8)	(1.8)	
<u>Benefits paid</u>	(0.6)	(1.1)	
<u>Part D subsidy</u>	0	0.1	
<u>Curtailments</u>	(0.6)	0	
<u>Benefit obligation at end of year</u>	6.9	8.6	27.1

Defined Benefit Plan, Change in Fair Value of Plan Assets [Roll Forward]

<u>Fair value of plan assets at beginning of year</u>	7.0	7.2	
<u>Actual return on plan assets</u>	0.1	0.2	
<u>Employer contribution</u>	(0.9)	(1.6)	
<u>Fair value of plan assets at end of year</u>	6.0	7.0	7.2
<u>Funded status</u>	(0.9)	(1.6)	
<u>Non-current assets</u>	1.8	3.3	
<u>Current liability</u>	0.3	0.5	
<u>Non-current liability</u>	2.4	4.4	
<u>Accumulated other comprehensive income (loss)</u>	6.6	(14.9)	

Defined Benefit Plan, Expected Future Benefit Payments, Fiscal Year**Maturity [Abstract]**

<u>2013</u>	0.5		
<u>2014</u>	0.4		
<u>2015</u>	0.5		
<u>2016</u>	0.5		
<u>2017</u>	0.5		
<u>2018-2022</u>	2.5		
<u>Total</u>	4.9		

Minimum [Member]

Defined Benefit Plan, Weighted Average Assumptions Used in Calculating Benefit Obligation [Abstract]

<u>Discount rate -projected benefit obligation</u>	3.00%	4.25%	
<u>Future compensation growth rate</u>	4.00%	4.00%	

Defined Benefit Plan, Weighted Average Assumptions Used in Calculating Net Periodic Benefit Cost [Abstract]

<u>Discount rate - projected benefit obligation</u>	4.25%	5.20%	5.50%
<u>Future compensation growth rate</u>	4.00%	4.00%	4.00%
<u>Expected long-term rate of return on plan assets</u>	7.50%	7.50%	

Maximum [Member]

Defined Benefit Plan, Weighted Average Assumptions Used in Calculating Benefit Obligation [Abstract]

<u>Discount rate -projected benefit obligation</u>	6.20%	7.80%	
<u>Future compensation growth rate</u>	4.50%	5.50%	

Defined Benefit Plan, Weighted Average Assumptions Used in Calculating Net Periodic Benefit Cost [Abstract]

<u>Discount rate - projected benefit obligation</u>	6.20%	7.80%	6.00%
<u>Future compensation growth rate</u>	4.50%	5.50%	5.00%
<u>Expected long-term rate of return on plan assets</u>	8.00%	8.00%	8.00%

Segment, Discontinued Operations [Member] | Pension Plans, Defined Benefit [Member]

Defined Benefit Plan, Net Periodic Benefit Cost [Abstract]

<u>Pension cost</u>	\$ 1.6	\$ 3.0	\$ 1.6
---------------------	--------	--------	--------

**Debt (Schedule Of Future
Minimum Payments)
(Details) (USD \$)
In Millions, unless otherwise
specified**

Dec. 31, 2012

Long-term Debt and Capital Lease Obligations [Abstract]

<u>2013</u>	\$ 0.7
<u>2014</u>	1.3
<u>2015</u>	0.2
<u>2016</u>	0
<u>2017</u>	0
<u>Thereafter</u>	125.0
<u>Total</u>	\$ 127.2

**Divestitures & Discontinued
Operations Schedule of
Assets and Liabilities
(Details) (Information
Management [Member],
USD \$)
In Millions, unless otherwise
specified**

**Dec. 31, Dec. 31,
2012 2011**

Information Management [Member]

**Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups,
Including Discontinued Operations [Line Items]**

<u>Current assets, held for sale</u>	\$ 0	\$ 87.3
<u>Property and equipment, net, held for sale</u>	0	21.5
<u>Other assets, held for sale</u>	0	298.2
<u>Total assets, held for sale</u>	0	407.0
<u>Current liabilities, held for sale</u>	0	68.3
<u>Other liabilities, held for sale</u>	0	51.7
<u>Total liabilities, held for sale</u>	\$ 0	\$ 120.0

**Background And Basis Of
Presentation**

**12 Months Ended
Dec. 31, 2012**

**Organization, Consolidation
and Presentation of
Financial Statements**

[Abstract]

**Background and Basis of
Presentation**

Background and Basis of Presentation

Convergys Corporation (the Company or Convergys) is a global leader in customer management, focused on bringing value to its clients through every customer interaction.

In 2010, we completed the sale of Human Resources Management (HR Management) line of business to NorthgateArinso for \$78.0 in cash as well as a zero coupon note in the principal amount of \$15.0. As a result of the sale of the HR Management line of business, the operating results related to HR Management have been reflected as discontinued operations. The total gain on the sale of HR Management amounted to \$35.2 pretax and \$5.6 net of taxes at December 31, 2010. Subsequently, in 2011, a \$6.5 reduction to the tax on the gain on this transaction was recorded and has been reflected as discontinued operations.

Prior to May 2012, the Company had two reportable segments, Customer Management and Information Management. In March 2012, Convergys signed a definitive agreement to sell the Information Management line of business to NetCracker Technology Corporation (NetCracker), a wholly owned subsidiary of NEC Corporation (NEC) for \$449.0 in cash. The sale closed in May 2012, for which the Company received \$462.6 in cash, including working capital adjustments. As a result of the sale of the Information Management business, the operating results and related assets and liabilities of Information Management have been reflected as discontinued operations for all periods presented. The total gain on the sale of the Information Management business amounted to \$99.8 pretax, and \$16.2 net of taxes at December 31, 2012.

As a result of the change in classification of the Information Management business to discontinued operations, the change in our Chief Executive Officer in the fourth quarter, and in order to reflect the internal financial reporting structure and operating focus of our new management team and chief operating decision maker, we will report operating results and assets and liabilities as a single segment on a consolidated basis. Segment information for previous periods has been reclassified to conform to the current reporting structure.

Restructuring (2012 Restructuring) (Details) (USD \$) In Millions, unless otherwise specified	12 Months Ended					Dec. 31, 2009	Dec. 31, 2012
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2009		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2009	Dec. 31, 2009	Dec. 31, 2012
	Plan	Charge	Charge	Charge	Charge	Charge	Facility Charge [Member] 2012 Restructuring Plan [Member]
<u>Restructuring Cost and Reserve [Line Items]</u>							
<u>Restructuring charges</u>	\$ 11.6	\$ 1.2	\$ 28.7	\$ 11.6			\$ 0.2
<u>Severance Costs</u>			11.4				
<u>Restructuring liability, ending balance</u>	\$ 5.2	\$ 0.3	\$ 0.5	\$ 4.9	\$ 1.2		
<u>Employees affected</u>	100						

**Background And Basis of
Presentation (Details) (USD
\$)
In Millions, unless otherwise
specified**

12 Months Ended

**Dec. 31, Dec. 31, Dec. 31,
2012 2011 2010**

**Collaborative Arrangements and Non-collaborative Arrangement
Transactions [Line Items]**

<u>Proceeds from Divestiture of Businesses, Net of Cash Divested</u>	\$ 462.6		
<u>Sale of business segment</u>	449.0		
<u>Gain on sale of business segment, pre tax</u>	99.8		
<u>Gain on sale of business segment, after tax</u>	16.2		

HR Management [Member]

**Collaborative Arrangements and Non-collaborative Arrangement
Transactions [Line Items]**

<u>Proceeds from Divestiture of Businesses, Net of Cash Divested</u>			78.0
<u>Noncash or Part Noncash Divestiture, Amount of Consideration Received</u>			15.0
<u>Sale of business segment</u>			93.0
<u>Gain on sale of business segment, pre tax</u>	0	0	35.2
<u>Gain on sale of business segment, after tax</u>			5.6
<u>Discontinued Operation, Tax Effect of Income (Loss) from Disposal of Discontinued Operation</u>	\$ 0	\$ (6.5)	\$ 29.6

**Earnings (Loss) Per Share
and Shareholder's Equity
(Tables)**

12 Months Ended

Dec. 31, 2012

[Earnings Per Share \[Abstract\]](#)

[Schedule of Earnings Per Share, Basic
and Diluted \[Table Text Block\]](#)

Earnings (Loss) per Share

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

Shares (in Millions)	Shares	Continuing Operations		Discontinued Operations		Total
		Net Income (Loss)	Per Share Amount	Net Income (Loss)	Per Share Amount	Per Share Amount
2012:						
Basic EPS	112.2	\$ 28.2	\$ 0.25	\$ 72.4	\$ 0.65	\$ 0.90
Effect of dilutive securities:						
Stock-based compensation arrangements	2.1	—	—	—	(0.01)	(0.01)
2029 Convertible Debentures	2.8	—	(0.01)	—	(0.02)	(0.03)
Diluted EPS	117.1	\$ 28.2	\$ 0.24	\$ 72.4	\$ 0.62	\$ 0.86
2011:						
Basic EPS	120.2	\$ 282.5	\$ 2.35	\$ 52.3	\$ 0.44	\$ 2.79
Effect of dilutive securities:						
Stock-based compensation arrangements	2.1	—	(0.05)	—	(0.02)	(0.07)
2029 Convertible Debentures	0.6	—	—	—	—	—
Diluted EPS	122.9	\$ 282.5	\$ 2.30	\$ 52.3	\$ 0.42	\$ 2.72
2010:						
Basic EPS	123.1	\$ (109.8)	\$ (0.89)	\$ 56.6	\$ 0.46	\$ (0.43)
Effect of dilutive securities:						
Stock-based compensation arrangements	—	—	—	—	—	—
2029 Convertible Debentures	—	—	—	—	—	—
Diluted EPS	123.1	\$ (109.8)	\$ (0.89)	\$ 56.6	\$ 0.46	\$ (0.43)

[Share Repurchase Activity](#)

Below is a summary of the Company's share repurchases for the years ended December 31, 2012, 2011 and 2010:

2012	12.3	\$	184.4
2011	7.7	\$	96.8
2010	2.4	\$	24.9

Divestitures (Tables)

12 Months Ended
Dec. 31, 2012

[Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations \[Line Items\]](#)

[Schedule of Disposal Groups, Including Discontinued Operations, Income Statement, Balance Sheet and Additional Disclosures \[Table Text Block\]](#)

Summarized operating results of the Information Management business are as follows:

	Year Ended December 31,		
	2012	2011	2010
Revenue	\$ 128.8	\$ 328.8	\$ 340.1
Income before tax - Information Management operations ⁽¹⁾	23.7	58.2	59.3
Gain on disposition ⁽²⁾	99.8	—	—
Income before income taxes	123.5	58.2	59.3
Income tax expense:			
Expense related to Information Management operations	7.9	12.4	24.2
Expense related to gain on disposition	83.6	—	—
Income from discontinued operations, net of tax	\$ 32.0	\$ 45.8	\$ 35.1

⁽¹⁾ Excludes costs previously allocated to Information Management that did not meet the criteria for presentation within discontinued operations of \$8.8, \$23.6 and \$28.4 for December 31, 2012, 2011 and 2010, respectively.

⁽²⁾ Includes \$22.8 of transaction costs related to the sale for December 31, 2012.

The major classes of assets and liabilities that were included as part of the Information Management business and presented during these periods as held for sale were as follows:

	December 31,	
	2012	2011
Assets:		
Current assets	\$ —	\$ 87.3
Property and equipment, net	—	21.5
Other assets	—	298.2
Total assets	\$ —	\$ 407.0
Liabilities:		
Current liabilities	—	68.3
Other liabilities	—	51.7
Total liabilities	\$ —	\$ 120.0

HR Management [Member]

[Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups,](#)

[Including Discontinued Operations \[Line Items\]](#)
[Schedule of Disposal Groups, Including Discontinued Operations, Income Statement, Balance Sheet and Additional Disclosures](#)
[\[Table Text Block\]](#)

Summarized operating results of the HR Management business are as follows:

	Year Ended December 31,		
	2012	2011	2010
Revenue	\$ —	\$ —	\$ 107.2
Income before tax	—	—	25.3
Gain on disposition	—	—	35.2
Income before income taxes	—	—	60.5
Income tax (benefit) expense:			
(Benefit) expense related to operations and previously divested businesses	(40.4)	—	9.4
Expense (benefit) related to gain (loss) on disposition	—	(6.5)	29.6
Income from discontinued operations, net of tax	\$ 40.4	\$ 6.5	\$ 21.5

**Goodwill and Other
Intangible Assets and Long-
Lived Assets (Schedule Of
Estimated Amortization
Expense) (Details) (USD \$)
In Millions, unless otherwise
specified**

Dec. 31, 2012

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

<u>For the year ended 2013</u>	\$ 5
<u>For the year ended 2014</u>	3
<u>For the year ended 2015</u>	2
<u>For the year ended 2016</u>	2
<u>For the year ended 2017</u>	2
<u>Thereafter</u>	\$ 5

Accounting Policies (Details)
(USD \$)
In Millions, unless otherwise
specified

12 Months Ended
Dec. 31, 2012

Dec. Dec.
31, 31,
2011 2010

[Derivative instruments maturity period \(in months\)](#) 36 months

[Minimum Percent Likely To Be Recognized To Measure Tax Benefit](#) 50.00%

[Allowance for doubtful accounts receivable](#) \$ 5.9 \$ 9.3

[Capitalized Computer Software, Period Increase \(Decrease\)](#) \$ 6.8 \$ 3.8 \$ 5.6

[Internal Use Software, Policy \[Policy Text Block\]](#) **Internal Use Software** — The Company capitalizes certain expenditures for software that is purchased or internally developed for use in the business. During 2012, 2011, and 2010, internally developed software amounts capitalized were \$6.8, \$3.8 and \$5.6, respectively. Amortization of internal use software begins when the software is ready for service and continues on the straight-line method generally over a life of three years.

Minimum [Member]
[Finite-Lived Intangible Asset, Useful Life](#) 4 years

[Number Of Days Receivables Are Generally Due](#) 30 days

[Term Of Government Grant](#) 1 year

Maximum [Member]
[Finite-Lived Intangible Asset, Useful Life](#) 12 years

[Number Of Days Receivables Are Generally Due](#) 60 days

[Term Of Government Grant](#) 15 years

Customer Management [Member]
[Percent Of Revenue Derived From Agents](#) 90.00%

Building [Member]
[Property, Plant and Equipment, Estimated Useful Lives](#) 30

Software [Member] |
 Minimum [Member]
[Property, Plant and Equipment, Estimated Useful Lives](#) three

Software [Member] |
Maximum [Member]
[Property, Plant and
Equipment, Estimated Useful
Lives](#) eight

Equipment [Member] |
Minimum [Member]
[Property, Plant and
Equipment, Estimated Useful
Lives](#) three

Equipment [Member] |
Maximum [Member]
[Property, Plant and
Equipment, Estimated Useful
Lives](#) five

Software and Software
Development Costs [Member]
[Property, Plant and
Equipment, Estimated Useful
Lives](#) five

Computer Software, Intangible
Asset [Member]
[Amortization of Intangible
Assets](#) 3 years

**Investment In Cellular
Partnership (Tables)**

**12 Months Ended
Dec. 31, 2012**

[Equity Method Investments and
Joint Ventures \[Abstract\]](#)

[Schedule Of Net Income Of
Cincinnati SMSA Limited
Partnership](#)

The net income of the Cincinnati SMSA Limited Partnership reflected in the following table does not include any provision for income taxes incurred by the partners.

	Year Ended December 31,		
	2012	2011	2010
Revenues	\$ —	\$ 359.8	\$ 653.5
Income from operations	—	61.2	124.1
Net income	—	60.8	120.9

[Schedule Of Equity In Earnings
Of Equity Method Investees](#)

The Company's equity in earnings of equity method investees for the three years ended December 31, 2012, 2011 and 2010, respectively, is as follows:

	Year Ended December 31,		
	2012	2011	2010
Convergys' equity in earnings of Cincinnati SMSA Limited Partnership	\$ —	\$ 20.5	\$ 46.1
Convergys' equity in earnings of Cincinnati SMSA Tower Holdings LLC	—	0.9	1.1
Transaction costs related to the sale of Convergys' interests in Cellular Partnerships	—	(1.2)	—
Gain on sale of Convergys' interests in Cellular Partnerships	—	265.0	—
Total earnings and gain from Cellular Partnerships, net	\$ —	\$ 285.2	\$ 47.2

**Goodwill and Other
Intangible Assets and Long-
Lived Assets (Tables)**

**12 Months Ended
Dec. 31, 2012**

[Goodwill and Intangible Assets
Disclosure \[Abstract\]
Schedule of Goodwill](#)

Below is a progression of goodwill for 2012 and 2011:

Balance at December 31, 2010	\$	624.1
Acquisitions		—
Impairment		—
Foreign currency and other		(2.6)
Balance at December 31, 2011	\$	621.5
Acquisitions		—
Impairment		(46.0)
Foreign currency and other		2.2
Balance at December 31, 2012	\$	577.7

[Schedule Of Total Intangible
Assets Primarily Acquired
Through Business Combinations](#)

As of December 31, 2012 and 2011, the Company's other intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
2012:			
Software (classified with Property, Plant & Equipment)	\$ 41.3	\$ (26.5)	\$ 14.8
Trademarks	10.0	(10.0)	—
Customer relationships and other intangibles	119.5	(100.6)	18.9
Total	\$ 170.8	\$ (137.1)	\$ 33.7
2011			
Software (classified with Property, Plant & Equipment)	\$ 41.3	\$ (21.8)	\$ 19.5
Trademarks	10.0	(8.3)	1.7
Customer relationships and other intangibles	119.5	(95.9)	23.6
Total	\$ 170.8	\$ (126.0)	\$ 44.8

[Schedule Of Estimated
Amortization Expense](#)

Customer relationships, trademarks and other intangibles amortization expense was \$6.3 for the year ended December 31, 2012 and the related estimated expense for the five subsequent fiscal years is as follows:

For the year ended 2013	\$	5
For the year ended 2014		3
For the year ended 2015		2
For the year ended 2016		2
For the year ended 2017		2
Thereafter		5

Consolidated Statements of Shareholders' Equity (USD \$) In Millions	Total	Common Stock [Member]	Treasury Stock [Member]	Retained Earnings [Member]	Accumulated Other Comprehensive Income (Loss) [Member]
<u>Balance at Dec. 31, 2009</u>	\$ 1,206.4	\$ 1,084.1	\$ (1,042.0)	\$ 1,221.3	\$ (57.0)
<u>Balance (shares) at Dec. 31, 2009</u>		183.3			
<u>Issuance of common shares (shares)</u>		0.9			
<u>Issuance of common shares</u>	0				
<u>Treasury shares issued for share-based plans, net</u>	3.7		6.7	(3.0)	
<u>Tax related to share-based arrangements, net of excess tax benefits</u>	(4.9)	(4.9)			
<u>Repurchase of Common Shares</u>	(24.9)		(24.9)		
<u>Net Income (Loss)</u>	(53.2)			(53.2)	
<u>Other comprehensive income</u>	41.7				41.7
<u>Amortization of stock-based compensation</u>	15.3	15.3			
<u>Balance at Dec. 31, 2010</u>	1,184.1	1,094.5	(1,060.2)	1,165.1	(15.3)
<u>Balance (shares) at Dec. 31, 2010</u>		184.2			
<u>Issuance of common shares (shares)</u>		0.8			
<u>Issuance of common shares</u>	0				
<u>Treasury shares issued for share-based plans, net</u>	3.5		7.9	(4.4)	
<u>Tax related to share-based arrangements, net of excess tax benefits</u>	(1.9)	(1.9)			
<u>Stock option exercises</u>	3.0	3.0			
<u>Repurchase of Common Shares</u>	(96.8)		(96.8)		
<u>Net Income (Loss)</u>	334.8			334.8	
<u>Other comprehensive income</u>	(31.4)				(31.4)
<u>Amortization of stock-based compensation</u>	16.2	16.2			
<u>Balance at Dec. 31, 2011</u>	1,411.5	1,111.8	(1,149.1)	1,495.5	(46.7)
<u>Balance (shares) at Dec. 31, 2011</u>		185.0			
<u>Issuance of common shares (shares)</u>		2.5			
<u>Issuance of common shares</u>					

<u>Treasury shares issued for share-based plans, net</u>	3.3		4.3	(1.0)	
<u>Tax related to share-based arrangements, net of excess tax benefits</u>	(14.6)	(14.6)			
<u>Stock option exercises</u>	10.9	10.9			
<u>Repurchase of Common Shares</u>	(184.4)		(184.4)		
<u>Net Income (Loss)</u>	100.6			100.6	
<u>Other comprehensive income</u>	36.2				36.2
<u>Cash dividends declared</u>				(16.5)	
<u>Amortization of stock-based compensation</u>	24.9	24.9			
<u>Balance at Dec. 31, 2012</u>	\$ 1,371.9	\$ 1,133.0	\$ (1,329.2)	\$ 1,578.6	\$ (10.5)
<u>Balance (shares) at Dec. 31, 2012</u>		187.5			

Debt (Tables)**12 Months Ended
Dec. 31, 2012****Long-term Debt and Capital Lease
Obligations [Abstract]****Schedule Of Debt And Capital Lease
Obligations**

Debt consists of the following:

	At December 31,	
	2012	2011
Revolving credit facility	\$ —	\$ —
2029 Convertible Debentures	58.4	57.5
Capital Lease Obligations	2.2	58.7
Accounts Receivable Securitization	—	—
Other	—	10.9
Total debt	60.6	127.1
Less current maturities	0.7	6.2
Long-term debt	\$ 59.9	\$ 120.9
Weighted average effective interest rates:		
Revolving credit facility	—%	2.9%
Accounts Receivable Securitization	—%	2.2%
2029 Convertible Debentures	6.5%	6.4%
Other	3.4%	3.4%

**Schedule Of Future Minimum
Payments**

At December 31, 2012, future minimum payments of the Company's debt and capital lease arrangements are as follows:

2013	\$ 0.7
2014	1.3
2015	0.2
2016	—
2017	—
Thereafter	125.0
Total	\$ 127.2

**Additional Financial
Information (Schedule Of
Payables And Other Current
Liabilities) (Details) (USD \$)
In Millions, unless otherwise
specified**

	Dec. 31, 2012	Dec. 31, 2011
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	\$ 1,164.0	\$ 1,182.4
<u>Less: Accumulated depreciation</u>	(884.8)	(838.5)
<u>Property and equipment, net</u>	279.2	343.9
<u>Accounts payable</u>	50.6	41.9
<u>Accrued taxes</u>	21.2	42.0
<u>Accrued payroll-related expenses</u>	85.6	87.1
<u>Derivative Liabilities</u>	6.1	11.2
<u>Accrued expenses, other</u>	85.7	67.4
<u>Restructuring and exit costs</u>	5.5	1.8
<u>Deferred revenue and government grants</u>	31.1	46.3
<u>Payables and other current liabilities, total</u>	285.8	297.7
<u>Foreign currency translation adjustments</u>	36.4	14.1
<u>Pension liability, net of tax benefit of \$35.1 and \$35.7</u>	(58.3)	(59.3)
<u>Unrealized gain (loss) on hedging activities, net of tax (expense) benefit of (\$7.1) and \$1.0</u>	11.4	(1.5)
<u>Accumulated Other Comprehensive Income (Loss), Net of Tax</u>	(10.5)	(46.7)
<u>Accumulated Other Comprehensive Income Loss Pension and Other Postretirement Benefit Plans Tax</u>	35.1	35.7
<u>Accumulated Other Comprehensive Income Loss Cumulative Changes in Net Gain Loss from Cash Flow Hedges Tax</u>	(7.1)	1.0
Land [Member]		
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	12.7	18.4
Building [Member]		
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	107.7	221.8
Leasehold Improvements [Member]		
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	180.6	160.2
Equipment [Member]		
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	524.1	478.1
Software [Member]		
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	305.5	276.4
Construction in Progress [Member]		
<u>Additional Information [Line Items]</u>		
<u>Property and equipment, gross</u>	\$ 33.4	\$ 27.5

**Additional Financial
Information (Tables)**

**12 Months Ended
Dec. 31, 2012**

**Organization, Consolidation and Presentation of
Financial Statements [Abstract]**

Additional Financial Information

	At December 31,	
	2012	2011
Property and equipment, net:		
Land	\$ 12.7	\$ 18.4
Buildings	107.7	221.8
Leasehold improvements	180.6	160.2
Equipment	524.1	478.1
Software	305.5	276.4
Construction in progress and other	33.4	27.5
	1,164.0	1,182.4
Less: Accumulated depreciation	(884.8)	(838.5)
	\$ 279.2	\$ 343.9
Payables and other current liabilities:		
Accounts payable	\$ 50.6	\$ 41.9
Accrued taxes	21.2	42.0
Accrued payroll and related expenses	85.6	87.1
Derivative liabilities	6.1	11.2
Accrued expenses, other	85.7	67.4
Restructuring and exit costs	5.5	1.8
Deferred revenue and government grants	31.1	46.3
	\$ 285.8	\$ 297.7
Accumulated other comprehensive (loss) income:		
Foreign currency translation adjustments	\$ 36.4	\$ 14.1
Pension liability, net of tax benefit of \$35.1 and \$35.7	(58.3)	(59.3)
Unrealized gain (loss) on hedging activities, net of tax (expense) benefit (\$7.1) and \$1.0	11.4	(1.5)
	\$ (10.5)	\$ (46.7)

**Goodwill and Other
Intangible Assets and Long-
Lived Assets (Narrative)
(Details) (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Goodwill, net	\$ 577.7	\$ 621.5	\$ 624.1
Goodwill impairment charge	(46.0)	0	
Goodwill impairment charge, net of tax	44.4		
Goodwill, Acquired During Period	0	0	
Goodwill, Impaired, Accumulated Impairment Loss	212.5	166.5	
Amortization	6.3	7.4	7.7
Real Estate Held-for-sale	34.6		
Long Lived Assets Held-for-sale, Impairment Charge	42.6		
Long Lived Assets Held for Sale Impairment Charge, net of tax	27.0		
Software [Member]			
Weighted average amortization period	3 years 6 months		
Trademarks [Member]			
Intangible assets, useful life, minimum	4 years		
Customer Relationships [Member]			
Weighted average amortization period	6 years 3 months 18 days		
Customer Management - CIT [Member]			
Goodwill, net	46.0		
Goodwill impairment charge	\$ 46.0		
Minimum [Member]			
Intangible assets, useful life, minimum	4 years		
Minimum [Member] Software [Member]			
Intangible assets, useful life, minimum	5 years		
Minimum [Member] Customer Relationships [Member]			
Intangible assets, useful life, minimum	7 years		
Maximum [Member]			
Intangible assets, useful life, minimum	12 years		
Maximum [Member] Software [Member]			
Intangible assets, useful life, minimum	8 years		
Maximum [Member] Customer Relationships [Member]			
Intangible assets, useful life, minimum	12 years		

**Commitments And
Contingencies (Details) (USD
\$)
In Millions, unless otherwise
specified**

12 Months Ended

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Rent expense	\$ 66.0	\$ 61.1	\$ 61.6
Letters of credit outstanding amount	27.9		
Guarantee	1.5		
Purchase Commitments	17.3		
HRM Performance Bond Obligations [Member]			
Guarantee	30.0		
Liability of obligations	1.0		
Letter Of Credits Expiration for the Current Year [Member]			
Letters of credit outstanding amount	12.6		
Letters of Credit Expiration for the Preceding One to Three Years [Member]			
Letters of credit outstanding amount	4.7		
Letters Of Credit Expiration After Three Years [Member]			
Letters of credit outstanding amount	\$ 10.6		

**Consolidated Statements Of
Income (USD \$)
In Millions, except Per Share
data, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

<u>Revenues</u>	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3	
<u>Operating Costs and Expenses:</u>				
<u>Cost of providing services and products sold</u>	1,289.5	[1] 1,240.4	[1] 1,157.8	[1]
<u>Selling, general and administrative expenses</u>	477.2	483.8	536.3	
<u>Research and development costs</u>	10.8	14.0	18.0	
<u>Depreciation</u>	82.4	76.3	87.6	
<u>Amortization</u>	6.3	7.4	7.7	
<u>Restructuring charges</u>	11.6	1.2	28.7	
<u>Asset impairment</u>	88.6	0	181.1	
<u>Total costs and expenses</u>	1,966.4	1,823.1	2,017.2	
<u>Operating Income (Loss)</u>	38.6	110.1	(153.9)	
<u>Earnings from Cellular Partnerships, net</u>	0	285.2	47.2	
<u>Other income (expense), net</u>	4.3	9.8	8.9	
<u>Interest expense</u>	(13.6)	(16.1)	(19.5)	
<u>Income (loss) before income taxes</u>	29.3	389.0	(117.3)	
<u>Income tax expense</u>	1.1	106.5	(7.5)	
<u>Income (loss) from continuing operations</u>	28.2	282.5	(109.8)	
<u>Income (loss) from discontinued operations, net of tax</u>	72.4	52.3	56.6	
<u>Net Income (Loss)</u>	\$ 100.6	\$ 334.8	\$ (53.2)	
<u>Basic Earnings (Loss) per share:</u>				
<u>Continuing operations</u>	\$ 0.25	\$ 2.35	\$ (0.89)	
<u>Discontinued operations</u>	\$ 0.65	\$ 0.44	\$ 0.46	
<u>Net basic earnings (loss) per share</u>	\$ 0.90	\$ 2.79	\$ (0.43)	
<u>Diluted Earnings (Loss) per share:</u>				
<u>Continuing operations</u>	\$ 0.24	\$ 2.30	\$ (0.89)	
<u>Discontinued operations</u>	\$ 0.62	\$ 0.42	\$ 0.46	
<u>Net diluted earnings (loss) per share</u>	\$ 0.86	\$ 2.72	\$ (0.43)	
<u>Weighted average common shares outstanding:</u>				
<u>Basic</u>	112.2	120.2	123.1	
<u>Diluted</u>	117.1	122.9	123.1	
<u>Common Stock, Dividends, Per Share, Declared</u>	\$ 0.15	\$ 0.00	\$ 0.00	

[1] Exclusive of depreciation and amortization, with the exception of amortization of deferred charges.

Divestitures (Narrative) (Details) (USD \$) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Sale of business segment	\$ 449.0		
Cash received from sale of business segment	462.6		
Proceeds from disposition of business	0	10.0	0
Gain on sale of business segment, pre tax	99.8		
Gain on sale of business segment, after tax	16.2		
Information Management [Member]			
Sale of business segment	449.0		
Transaction costs related to the sale of business	22.8		
Gain on sale of business segment, pre tax	99.8	[1]0	[1] 0
Gain on sale of business segment, after tax	16.2		
Federal, state and foreign income tax obligation	83.6	0	0
Elimination of goodwill and intangible assets from sale of business segment	201.7		
Cost allocated for discontinued business segment included in continuing operations	8.8	23.6	28.4
Transition Service Agreement Period	24 months		
Revenue under transition services agreements subsequent to close of sale	13.8		
F&A [Member]			
Proceeds from disposition of business		10.0	
Gain on sale of business segment, pre tax		7.0	
Gain on sale of business segment, after tax		4.3	
Elimination of goodwill and intangible assets from sale of business segment		2.6	
HR Management [Member]			
Sale of business segment			93.0
Cash received from sale of business segment			78.0
Note received in divestiture			15.0
Value of principal of zero coupon note received in sale during second anniversary			5.0
Value of principal of zero coupon note received in sale during third anniversary			10.0
Cash paid to settle obligations			28.2
Gain on sale of business segment, pre tax	0	0	35.2
Gain on sale of business segment, after tax			5.6
Federal, state and foreign income tax obligation	0	(6.5)	29.6
Elimination of goodwill and intangible assets from sale of business segment			67.1
Cost allocated for discontinued business segment included in continuing operations			9.1

Revenue under transition services agreements subsequent to close of sale	\$ 14.4	\$ 24.0
HR Management [Member] Minimum [Member]		
Transition Service Agreement Period		3 months
HR Management [Member] Maximum [Member]		
Transition Service Agreement Period		18 months

[1] (2) Includes \$22.8 of transaction costs related to the sale for December 31, 2012.

Consolidated Balance Sheets
(USD \$)
In Millions, unless otherwise
specified

Dec. 31, Dec. 31,
2012 2011

Assets

<u>Cash and cash equivalents</u>	\$ 554.7	\$ 421.8
<u>Short-term Investments</u>	83.8	22.7
<u>Receivables, net of allowances of \$5.9 and \$9.3</u>	319.8	305.9
<u>Deferred income tax asset</u>	8.9	44.8
<u>Prepaid expenses</u>	33.2	28.1
<u>Other current assets</u>	65.6	40.5
<u>Current assets held-for-sale</u>	34.6	87.3
<u>Total current assets</u>	1,100.6	951.1
<u>Property and equipment, net</u>	279.2	343.9
<u>Goodwill, net</u>	577.7	621.5
<u>Other intangibles, net</u>	18.9	25.3
<u>Deferred income tax asset</u>	19.2	26.1
<u>Other assets</u>	42.3	43.2
<u>Assets Held-for-sale, Other, Noncurrent</u>	0	319.7
<u>Total Assets</u>	2,037.9	2,330.8

Liabilities and Shareholders' Equity

<u>Debt and capital lease obligations maturing within one year</u>	0.7	6.2
<u>Payables and other current liabilities</u>	285.8	297.7
<u>Liabilities Held For Sale, Current</u>	0	68.3
<u>Total current liabilities</u>	286.5	372.2
<u>Long-term debt and capital lease obligations</u>	59.9	120.9
<u>Deferred Tax Liabilities, Net, Noncurrent</u>	136.5	101.0
<u>Accrued pension liability</u>	109.2	136.0
<u>Other long-term liabilities</u>	73.9	137.5
<u>Long term liabilities held for sale</u>	0	51.7
<u>Total liabilities</u>	666.0	919.3
<u>Shareholders' Equity</u>		
<u>Preferred shares - without par value, 5.0 authorized; none outstanding</u>	0	0
<u>Common shares - without par value, 500.0 authorized; 187.5 and 185.0 issued, 105.9 and 115.4 outstanding, as of December 31, 2012 and December 31, 2011, respectively</u>	1,133.0	1,111.8
<u>Treasury Stock - 81.6 shares in 2012 and 69.6 in 2011</u>	(1,329.2)	(1,149.1)
<u>Retained earnings</u>	1,578.6	1,495.5
<u>Accumulated other comprehensive loss</u>	(10.5)	(46.7)
<u>Total shareholders' equity</u>	1,371.9	1,411.5
<u>Total Liabilities and Shareholders' Equity</u>	\$ 2,037.9	\$ 2,330.8

**Debt (Other) (Details) (USD
\$)
In Millions, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011

Debt Instrument

<u>Asset Securitization Facility</u>	\$ 150.0	
<u>Asset Securitization Facility, Expiration Date</u>	June 2014	
<u>Accounts Receivable Securitization</u>	0	0
<u>Capital Lease Obligation Related To Facility</u>	55.0	
<u>Capital Lease Obligations</u>	2.2	58.7
<u>Other Long-term Debt</u>	\$ 0	\$ 10.9

**Stock-Based Compensation
Plans (Tables)**

**12 Months Ended
Dec. 31, 2012**

**Share-based Compensation, Allocation and
Classification in Financial Statements**

[Abstract]

**Disclosure of Share-based Compensation
Arrangements by Share-based Payment Award**

	Number of Common Shares to be Issued Upon Exercise	Weighted Average Exercise Price	Common Shares Available for Future Issuance
Equity compensation plans approved by shareholders			
Stock options	1.2 \$	12.91	—
Restricted stock units	2.5	—	—
	3.7 \$	12.91	10.2

**Schedule of Share-based Compensation, Stock
Options, Activity**

Presented below is a summary of Company stock option activity:

Shares (in Millions)	Shares	Weighted Average Exercise Price
Options outstanding at January 1, 2010	7.8	\$ 32.21
Options exercisable at January 1, 2010	7.8	32.21
Granted	0.3	10.88
Exercised	—	11.74
Forfeited	(2.4)	31.14
Options outstanding at December 31, 2010	5.7	\$ 31.66
Options exercisable at December 31, 2010	5.7	\$ 31.66
Granted	0.7	13.79
Exercised	(0.2)	11.68
Forfeited	(2.3)	41.50
Options outstanding at December 31, 2011	3.9	\$ 23.90
Options exercisable at December 31, 2011	3.2	\$ 25.97
Granted	0.7	12.79
Exercised	(1.0)	11.62
Forfeited	(2.4)	31.33
Options outstanding at December 31, 2012	1.2	\$ 12.91
Options exercisable at December 31, 2012	0.3	\$ 11.86

**Schedule of Share-based Compensation, Shares
Authorized under Stock Option Plans, by
Exercise Price Range**

The following table summarizes the status of the Company stock options outstanding and exercisable at December 31, 2012:

Shares (in Millions)	Options Outstanding			Options Exercisable		
	Shares	Weighted Average Contractual Life (in years)	Weighted Average Exercise Price	Shares	Weighted Average Contractual Life (in years)	Weighted Average Exercise Price
Range of Exercise Prices						
\$0.0 to \$11.55	0.2	1.2	\$ 11.20	0.2	1.2	\$ 11.20
\$11.56 to \$21.81	1.0	7.7	13.25	0.1	0.1	13.12
Total	1.2	6.6	\$ 12.91	0.3	0.8	\$ 11.86

The following table summarizes the status of the Company stock options outstanding and exercisable at December 31, 2012:

Shares (in Millions)	Options Outstanding			Options Exercisable		
	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
Range of Exercise Prices						
\$0.0 to \$11.55	0.2	1.2	\$ 11.20	0.2	1.2	\$ 11.20
\$11.56 to \$21.81	1.0	7.7	13.25	0.1	0.1	13.12
Total	1.2	6.6	\$ 12.91	0.3	0.8	\$ 11.86

[Fair Value Assumptions for Restricted Stock Awards](#)

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.

	2010
Expected volatility	56.0%
Expected term (in years)	3.0
Risk-free interest rate	1.4%

[Schedule of Share-based Compensation, Restricted Stock and Restricted Stock Units Activity](#)

Changes to non-vested restricted stock and restricted stock units for the years ended December 31, 2012 and 2011 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date of Grant
Non-vested at December 31, 2010	4.2	\$ 10.64
Granted	1.5	13.67
Vested	(0.6)	11.70
Forfeited	(1.2)	11.22
Non-vested at December 31, 2011	3.9	11.08
Granted	1.6	13.11
Vested	(2.2)	10.17
Forfeited	(0.8)	11.96
Non-vested at December 31, 2012	2.5	\$ 12.91

Restructuring Facilities
Restructuring (Details) (USD
)
In Millions, unless otherwise
specified

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Facility Charge [Member]

Restructuring Reserve [Roll Forward]

Restructuring liability, beginning balance \$ 0.5 \$ 4.9 \$ 1.2

Other Restructuring Costs 0.2 0 9.3

Restructuring liability payment (0.4) (4.4) (5.6)

Restructuring liability, ending balance 0.3 0.5 4.9

2012 Restructuring Plan [Member]

Restructuring Reserve [Roll Forward]

Restructuring liability, ending balance \$ 5.2

Income Taxes

**12 Months Ended
Dec. 31, 2012**

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Income Taxes](#)

Income Taxes

The Company's provision (benefit) for income taxes from continuing operations consists of the following:

	Year Ended December 31,		
	2012	2011	2010
Current:			
United States federal	\$ (0.9)	\$ 79.7	\$ (10.0)
Foreign	8.0	11.0	5.2
State and local	(1.8)	0.3	(2.8)
Total current	5.3	91.0	(7.6)
Deferred:			
United States federal	(4.7)	13.3	(5.3)
Foreign	(0.8)	(4.7)	(6.0)
State and local	1.3	6.9	11.4
Total deferred	(4.2)	15.5	0.1
Total	\$ 1.1	\$ 106.5	\$ (7.5)

The Company's combined pre-tax earnings from continuing operations relating to foreign subsidiaries or branches were \$77.1, \$52.0 and \$63.4 during 2012, 2011 and 2010, respectively.

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate from continuing operations for the tax expense in 2012, 2011 and 2010:

	Year Ended December 31,		
	2012	2011	2010
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
Permanent differences	12.4	1.6	3.1
State and local income taxes, net of federal income tax	(3.4)	0.9	(4.7)
International rate differential, including tax holidays	(54.2)	(3.3)	17.0
Foreign valuation allowances	(4.9)	1.3	(0.1)
Impairments	46.5	—	(44.6)
Adjustments for uncertain tax positions	(1.8)	4.7	(1.4)
Restructuring	(9.2)	(10.6)	—
Tax credits and other	(16.5)	(2.2)	2.1
Effective rate	3.9 %	27.4 %	6.4 %

The 23.5% decrease in the income tax rate in 2012 is primarily due to a shift in the geographical mix of worldwide income which was partially offset by the non-deductibility of goodwill impairments and the impact of internal restructurings. The Company's foreign taxes for 2012, 2011 and 2010 included \$3.5, \$2.5 and \$9.6, respectively, of benefit derived from tax holidays in the Philippines, India and Costa Rica. This resulted in a (11.6)%, (0.7)% and 8.3% impact to the effective tax rate in 2012, 2011 and 2010, respectively. The Company's foreign taxes for 2012, 2011 and 2010 include \$0.0, \$0.9 and \$7.5, respectively, related to a tax holiday in India which expired March 2011. The tax holidays in the Philippines were scheduled to expire by December 2012. The Company

has applied for one- or two-year extensions of the Philippine tax holidays in accordance with local law.

The components of deferred tax assets and liabilities are as follows:

	At December 31,	
	2012	2011
Deferred tax assets:		
Loss and credit carryforwards	\$ 54.1	\$ 93.2
Pension and employee benefits	50.9	76.4
Restructuring charges	2.4	0.9
Deferred revenue	3.9	3.2
Foreign currency hedge	(7.2)	0.7
Other	43.1	43.0
Valuation allowances	(19.7)	(21.3)
Total deferred tax assets	127.5	196.1
Deferred tax liabilities:		
Depreciation and amortization	163.2	155.2
Deferred implementation costs	1.4	0.4
Contingent debt and accrued interest	50.4	44.0
Foreign currency hedge	—	—
Other	22.9	28.5
Total deferred tax liabilities	237.9	228.1
Net deferred tax (liabilities) / assets	\$ (110.4)	\$ (32.0)

Deferred tax assets and liabilities in the preceding table, after netting by taxing jurisdiction, are in the following captions in the Consolidated Balance Sheets at December 31, 2012 and 2011.

	At December 31,	
	2012	2011
Current deferred tax asset	\$ 8.9	\$ 44.8
Non-current deferred tax asset	19.2	26.1
Current deferred tax liability	2.0	1.9
Non-current deferred tax liability	136.5	101.0
Total deferred tax (liability)/asset	(110.4)	(32.0)

As of December 31, 2012 and 2011, \$0.3 and \$14.3, respectively, of the valuation allowances relate to the Company's foreign operations. Of these amounts, \$12.9 related to discontinued operations in 2011.

As of December 31, 2012, the Company has federal, state, and foreign operating loss carryforwards of \$49.5, \$1,056.7 and \$33.1, respectively. The federal operating loss carryforwards and state operating loss carryforwards expire between 2017 and 2027. The foreign operating loss carryforwards include \$26.8 with no expiration date; the remainder will expire between 2013 and 2027. The federal and state operating loss carryforwards include losses of \$49.5 and \$107.6, respectively, that were acquired in connection with business combinations. Utilization of the acquired federal and state tax loss carryforwards may be limited pursuant to Section 382 of the Internal Revenue Code of 1986. At December 31, 2012, the Company also had \$0.9 in state tax credits that expire at December 31, 2013.

The Company has not provided for U.S. federal income taxes or foreign withholding taxes on \$443.4 of undistributed earnings of its foreign subsidiaries at December 31, 2012,

because such earnings are intended to be reinvested indefinitely. It is not practicable to determine the amount of applicable taxes that would be due if such were distributed.

As of December 31, 2012 and 2011, the liability for unrecognized tax benefits was \$54.0 and \$112.3, respectively, including \$19.1 and \$23.5 of accrued interest and penalties, and is recorded within the other long-term liabilities in the accompanying Consolidated Balance Sheets. The total amount of net unrecognized tax benefits that would affect income tax expense, if ever recognized in the Consolidated Financial Statements, is \$45.5. This amount includes net interest and penalties of \$17.3. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense. During the year ended December 31, 2012, the Company recognized a benefit of \$2.9 related to the reversal of prior period accruals, net of current year interest and penalties, and \$3.0 in interest and penalties for the year ended December 31, 2011.

A reconciliation of the beginning and ending total amounts of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

	2012	2011
Balance at January 1	\$ 88.8	\$ 63.9
Additions based on tax positions related to the current year	0.5	26.7
Additions for tax positions of prior years	2.8	—
Reductions for tax positions of prior years	(15.8)	(1.5)
Settlements	(40.0)	2.4
Lapse of statutes	(1.4)	(2.7)
Balance at December 31	\$ 34.9	\$ 88.8

The liability for unrecognized tax benefits related to discontinued operations at December 31, 2012 and 2011 was \$11.8 and \$62.7, respectively.

The decrease in the liability for unrecognized tax benefits was largely due to resolution of tax audits and the lapsing of the statute of limitations in federal, state and foreign jurisdictions. The Company is currently attempting to resolve income tax audits relating to prior years in various jurisdictions. The Company has received assessments from these jurisdictions related to transfer pricing and deductibility of expenses. The Company believes that it is appropriately reserved with regard to these assessments as of December 31, 2012. Furthermore, the Company believes that it is reasonably possible that the total amounts of unrecognized tax benefits will decrease between \$3.0 and \$10.0 prior to December 31, 2013, based upon resolution of audits; however, actual developments could differ from those currently expected.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With a few exceptions, the Company is no longer subject to examinations by tax authorities for years before 2002.

**Commitments And
Contingencies (Tables)**

**12 Months Ended
Dec. 31, 2012**

[Commitments and Contingencies
Disclosure \[Abstract\]](#)

[Schedule of Future Minimum Rental
Payments for Operating Leases](#)

At December 31, 2012, the total minimum rental commitments under non-cancelable operating leases are as follows:

2013	\$	66.2
2014		51.7
2015		46.1
2016		35.9
2017		33.5
Thereafter		27.9
Total	\$	261.3

**Industry Segments and
Geographic Operations**

**12 Months Ended
Dec. 31, 2012**

[Segment Reporting
Information, Revenue for
Reportable Segment
\[Abstract\]](#)

[Industry Segments and
Geographic Operations](#)

**Industry Segment and Geographic Operations
Industry Segment Information**

As a result of the change in classification of the Information Management business to discontinued operations, the change in our Chief Executive Officer in the fourth quarter, and in order to reflect the internal financial reporting structure and operating focus of our new management team and chief operating decision maker, we will report operating results and assets and liabilities as a single segment on a consolidated basis. Segment information for previous periods has been reclassified to conform to the current reporting structure.

Geographic Operations

The following table presents certain geographic information regarding the Company's operations:

	Year Ended December 31,		
	2012	2011	2010
Revenues:			
North America	\$ 1,836.4	\$ 1,790.1	\$ 1,716.3
Rest of World	168.6	143.1	147.0
	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3

	At December 31,	
	2012	2011
Long-lived Assets:		
North America	\$ 849.3	\$ 957.4
Rest of World	88.0	102.6
Held for Sale	—	319.7
	\$ 937.3	\$ 1,379.7

Concentrations

The Company derives significant revenues from AT&T. Revenues from AT&T were 23.1%, 23.4% and 23.0% of the Company's consolidated revenues from continuing operations for 2012, 2011 and 2010, respectively. Related accounts receivable from AT&T totaled \$73.0 and \$82.0 at December 31, 2012 and 2011, respectively. The Company also derives significant revenues from DIRECTV and Comcast. Revenues for DIRECTV were 12.3%, 11.8% and 8.6% of the Company's consolidated revenues from continuing operations for 2012, 2011 and 2010, respectively. Revenues for Comcast were 12.4%, 12.0% and 10.5% of the Company's consolidated revenues from continuing operations for 2012, 2011 and 2010, respectively.

**Consolidated Statements Of
Cash Flows (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

**Dec. 31,
2012 Dec. 31,
2011 Dec. 31,
2010**

CASH FLOWS FROM OPERATING ACTIVITIES

<u>Net Income (Loss)</u>	\$ 100.6	\$ 334.8	\$ (53.2)
<u>Income (loss) from discontinued operations</u>	72.4	52.3	56.6
<u>Income (loss) from continuing operations</u>	28.2	282.5	(109.8)

Adjustments to reconcile net income to net cash provided by operating activities:

<u>Depreciation and amortization</u>	88.7	83.7	95.3
<u>Gain on sale of interests in the Cellular Partnerships</u>	0	(265.0)	0
<u>Gain on sale of business</u>	0	(7.0)	0
<u>Asset impairment</u>	88.6	0	181.1
<u>Deferred income tax expense (benefit)</u>	(4.2)	15.5	0.1
<u>Earnings from Cellular Partnerships, net</u>	0	(20.2)	(47.2)
<u>Distributions from Cellular Partnerships</u>	0	30.7	35.7
<u>Stock compensation expense</u>	20.2	14.8	12.1

Changes in assets and liabilities:

<u>Change in receivables</u>	(14.1)	(27.1)	5.0
<u>Change in other current assets</u>	(23.4)	5.2	49.2
<u>Change in deferred charges, net</u>	1.4	(6.1)	0
<u>Change in other assets and liabilities</u>	(28.2)	51.9	(21.6)
<u>Change in payables and other current liabilities</u>	(56.5)	6.5	(15.5)
<u>Other, net</u>	3.2	(4.0)	(5.2)
<u>Net cash provided by operating activities of continuing operations</u>	103.9	161.4	179.2
<u>Net cash used in operating activities of discontinued operations</u>	9.1	35.2	15.0
<u>Net cash provided by operating activities</u>	113.0	196.6	194.2

CASH FLOWS FROM INVESTING ACTIVITIES

<u>Capital expenditures</u>	(98.4)	(74.8)	(63.0)
<u>Proceeds from sale of interests in the Cellular Partnerships</u>	0	320.0	0
<u>Proceeds from disposition of assets</u>	0	3.1	0
<u>Proceeds from disposition of business</u>	0	10.0	0
<u>Payments to acquire trading securities</u>	0	(22.7)	0
<u>Payments to acquire short-term investments</u>	(83.3)	0	0
<u>Proceeds from maturity of short-term investments</u>	19.0	0	0
<u>Net cash used in investing activities of continuing operations</u>	(162.7)	235.6	(63.0)
<u>Net cash provided by (used in) investing activities of discontinued operations</u>	425.3	(13.5)	63.7
<u>Net cash provided by (used in) investing activities</u>	262.6	222.1	0.7

CASH FLOWS FROM FINANCING ACTIVITIES

<u>Repayments of credit facilities and other debt, net</u>	(66.5)	(86.0)	(312.0)
<u>Repurchase of common shares</u>	(180.8)	(96.8)	(24.9)
<u>Proceeds from exercise of stock options</u>	10.9	3.0	0

<u>Payments of Dividends</u>	(11.2)	0	0
<u>Excess tax benefit from share-based compensation</u>	5.0	0	0
<u>Other, net</u>	0	(3.2)	0
<u>Net cash used in financing activities of continuing operations</u>	(242.6)	(183.0)	(336.9)
<u>Net cash used in financing activities of discontinued operations</u>	(0.1)	0	(3.6)
<u>Net cash used in financing activities</u>	(242.7)	(183.0)	(340.5)
<u>Net increase (decrease) in cash and cash equivalents</u>	132.9	235.7	(145.6)
<u>Cash and cash equivalents at beginning of period</u>	421.8	186.1	331.7
<u>Cash and cash equivalents at end of period</u>	554.7	421.8	186.1
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>			
<u>Cash paid for interest</u>	13.7	16.7	18.2
<u>Income taxes paid, net of refunds</u>	\$ (68.2)	\$ (20.6)	\$ (16.9)

**Consolidated Statements
Comprehensive Income
(Parenthetical) (USD \$)
In Millions, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

Statement of Other Comprehensive Income [Abstract]

<u>Tax benefit (expense), pension liability</u>	\$ (0.6)	\$ 6.7	\$ 2.9
<u>Tax benefit (expense), unrealized gain (loss) on hedging activities</u>	\$ (8.1)	\$ 13.0	\$ (20.0)

Employee Benefit Plans

12 Months Ended
Dec. 31, 2012

[Defined Benefit Pension Plans and Defined Benefit Postretirement Plans Disclosure \[Abstract\]](#)
[Employee Benefit Plans](#)

Employee Benefit Plans *Pensions*

The Company sponsors a frozen defined benefit pension plan, which includes both a qualified and non-qualified portion, for all eligible employees (the cash balance plan) in North America and an unfunded defined benefit plan for certain eligible employees in the Philippines (collectively, the defined benefit plans). The Company also sponsors a non-qualified, unfunded executive deferred compensation plan and a supplemental, non-qualified, unfunded plan for certain senior executives (the executive pension plans). As further described in Note 12, "Financial Instruments," in December 2011, the Company made investments in certain securities which are held in a grantor trust for the benefit of participants of the executive deferred compensation plan. This investment was made in securities reflecting the hypothetical investment balances of plan participants. The pension benefit formula for the cash balance plan is determined by a combination of compensation and age-based credits and annual guaranteed interest credits. Benefits for the executive deferred compensation plan are based on employee deferrals, matching contributions and investment earnings on participant accounts. 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 the prescribed methods in accordance with the Pension Protection Act of 2006.

Based on the funded status of the cash balance plan and mandatory legislative requirements under the Pension Protection Act, beginning April 29, 2009, lump sum payments from the cash balance plan have been partially restricted. In December 2012, the Company made contributions to the plan to satisfy funding requirements for 2013. Subsequently, on January 18, 2013, the Company received an Adjusted Funding Target Attainment Percentage (AFTAP) certification stating that the 2013 AFTAP for the defined benefit plan is 80 percent or higher. Accordingly, limitations on accelerated benefit distributions and benefit accruals no longer apply as of the date of the certification. As a result of this certification, the Company anticipates a high volume of lump sum distributions in 2013, which may result in pension settlement charges. During 2012, the Surface Transportation Extension Act, also referred to as the Moving Ahead for Progress in the 21st Century Act, was signed into law, and included pension funding stabilization provisions. The Company has evaluated the provisions of the new law and expects no material impacts. 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 and other amounts recognized in other comprehensive income (loss) for the defined benefit plans are as follows:

	Year Ended December 31,		
	2012	2011	2010
Service cost	\$ 3.7	\$ 2.8	\$ 2.6
Interest cost on projected benefit obligation	11.6	12.0	12.1
Expected return on plan assets	(11.6)	(11.4)	(12.3)
Amortization and deferrals—net	17.2	8.7	6.6

Curtailment benefit	(0.2)	—	—
Settlement charge	6.8	—	6.8
Total pension cost	\$ 27.5	\$ 12.1	\$ 15.8
Other comprehensive income (loss)	\$ (11.8)	\$ (29.5)	\$ (1.3)

During the twelve months ended December 31, 2012, the Company recognized a \$0.2 curtailment benefit and a \$6.8 settlement loss related to the impact of the sale of the Information Management business. The settlement loss of \$6.8 in 2010 resulted from the benefit payments exceeding the sum of the service cost and interest cost. Pension cost for the defined benefit plans related to discontinued operations included in the table above for the years ended December 31, 2012, 2011 and 2010 is \$1.6, \$3.0 and \$1.6, respectively.

The reconciliation of the defined benefit plans' projected benefit obligation and the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 252.5	\$ 224.3
Service costs	3.7	2.8
Interest cost	11.6	12.0
Actuarial loss	22.2	28.9
Curtailment (gain) loss	(3.8)	—
Benefits paid	(20.7)	(14.5)
Plan amendment	—	(1.0)
Benefit obligation at end of year	\$ 265.5	\$ 252.5
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 140.4	\$ 134.1
Actual return on plan assets	18.7	—
Employer contribution	33.3	20.8
Benefits paid	(20.7)	(14.5)
Fair value of plan assets at end of year	\$ 171.7	\$ 140.4
Funded status	\$ (93.8)	\$ (112.0)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Non-current liability	\$ 93.8	\$ 112.0
Accumulated other comprehensive income (loss)	\$ (102.4)	\$ (114.1)

Accumulated other comprehensive loss at December 31, 2012 and 2011 includes unrecognized actuarial losses of \$102.4 (\$63.9 net of tax) and \$114.1 (\$71.2 net of tax), respectively. The actuarial loss included in accumulated other comprehensive loss that is expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2013 is \$13.0. The accumulated benefit obligation for the defined benefit plans was \$265.5 and \$252.5 at December 31, 2012 and 2011, respectively.

Estimated future benefit payments from the defined benefit plans are as follows:

2013	\$ 39.0
2014	12.3
2015	13.4
2016	14.3
2017	15.7

Total	\$	180.0
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Components of pension cost and other amounts recognized in other comprehensive income (loss) for the unfunded executive pension plans are as follows:

	Year Ended December 31,		
	2012	2011	2010
Service cost	\$ —	\$ 0.7	\$ 0.9
Interest cost on projected benefit obligation	1.0	1.3	2.0
Amortization and deferrals—net	(0.2)	(0.1)	(0.1)
Curtailment (benefit) loss, net	0.1	(2.4)	1.8
Settlement (gain) loss	(0.2)	—	1.4
Total pension (benefit) cost	\$ 0.7	\$ (0.5)	\$ 6.0
Other comprehensive income (loss)	\$ 1.9	\$ 1.3	\$ (3.1)

In 2012, the Company recognized a settlement gain of \$0.2 under the executive pension plan. The settlement gain was partially offset by a \$0.1 curtailment loss related to the impact of the sale of the Information Management line of business and subsequent corporate restructuring initiatives. In 2011, the Company froze the executive deferred compensation plan and recognized a \$0.9 curtailment benefit. The Company also recognized a \$1.5 curtailment benefit during 2011 related to the resignation of a senior executive. The Company recognized a \$2.2 curtailment loss during 2010 related to the termination of employment of the President and Chief Executive Officer of the Company. The curtailment loss was partially offset by a \$0.4 curtailment benefit related to the termination of employment of a senior executive. The Company also recognized a settlement loss related to the CEO transition of \$1.4 upon payment of benefits under the unfunded executive pension plan.

The reconciliation of the unfunded executive pension plans' projected benefit obligation for the years ended December 31, 2012 and 2011 is as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 24.6	\$ 33.2
Service cost	—	0.7
Interest cost	1.0	1.3
Actuarial loss (gain)	1.1	(1.9)
Curtailment loss (benefit)	0.5	(2.5)
Benefits paid	(6.1)	(6.2)
Benefit obligation at end of year	\$ 21.1	\$ 24.6
Funded status	\$ (21.1)	\$ (24.6)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Current liability	\$ 8.8	\$ 6.2
Non-current liability	12.3	18.4
Accumulated other comprehensive income (loss)	\$ 2.3	\$ 4.1

Total benefits paid of \$6.1 were made via employer contributions.

Included in accumulated other comprehensive loss at December 31, 2012 are the following amounts that have not yet been recognized in net periodic pension cost:

unrecognized actuarial gain of \$2.3 (\$1.4 net of tax). Included in accumulated other comprehensive loss at December 31, 2011 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service credits of \$0.3 (\$0.2 net of tax) and unrecognized actuarial gain \$3.8 (\$2.4 net of tax). The accumulated benefit obligation for the unfunded executive pension plans was \$21.1 and \$24.6 at December 31, 2012 and 2011, respectively. The prior service cost expected to be recognized in net periodic pension cost during the year ending December 31, 2013 is \$0.3.

Estimated future benefit payments from the unfunded executive plans are as follows:

2013	\$	8.8
2014		2.0
2015		1.6
2016		1.3
2017		0.6
2018 - 2022		3.2
Total	\$	17.5

The following weighted-average rates were used in determining the benefit obligations at December 31:

	2012	2011
Discount rate—projected benefit obligation	3.00% - 6.20%	4.25% - 7.80%
Future compensation growth rate	4.00% - 4.50%	4.00% - 5.50%
Expected long-term rate of return on plan assets	7.50% - 8.00%	7.50% - 8.00%

The following weighted-average rates were used in determining the pension cost for all years ended December 31:

	2012	2011	2010
Discount rate—projected benefit obligation	4.25% - 6.20%	5.20% - 7.80%	5.50% - 6.00%
Future compensation growth rate	4.00% - 4.50%	4.00% - 5.50%	4.00% - 5.00%
Expected long-term rate of return on plan assets	7.50% - 8.00%	7.50% 8.00%	8%

The range of discount rates utilized in determining the pension cost and projected benefit obligation of the Company's defined benefit plans reflects a lower prevalent rate applicable to the frozen cash balance plan for eligible employees in North America and a higher applicable rate for the unfunded defined benefit plan for certain eligible employees in the Philippines.

As of December 31, 2012 and 2011, plan assets for the cash balance plan consisted of Convergys common stock, an equity fund and common/collective trusts (of which approximately 62% are invested in equity backed funds and 38% in funds invested in fixed income instruments, including cash). At December 31, 2012, the Company's targeted allocation was 67% equity and 33% fixed income. Plan assets for the cash balance plan included \$4.7 and \$3.7 of the Company's common shares at December 31, 2012 and 2011, respectively. The investment objectives for the plan assets are to generate returns that will enable the plan to meet its future obligations. The Company's expected long-term rate of return was determined based on the asset mix of the plan, past performance and other factors. The Company contributed \$31.4 and \$19.7 in 2012 and 2011, respectively, to fund its cash balance plan in order to satisfy its Employee Retirement Income Security Act of 1974 (ERISA) funding requirements. The current year

contribution includes \$20.0 contributed in December 2012 to satisfy the 2013 funding requirement. Therefore, the Company currently expects to make an additional \$0.2 in contributions in 2013 to fund its cash balance plan. No plan assets are expected to be returned to the Company during 2013.

The following table sets forth by level, within the fair value hierarchy, the cash balance plan's assets at fair value as of December 31, 2012 and 2011:

Investments	December 31, 2012			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common/Collective trusts	\$ 162.7	\$ —	\$ 162.7	\$ —
Convergys common stock	4.7	4.7	—	—
Equity fund	4.3	—	—	4.3
Total investments	\$ 171.7	\$ 4.7	\$ 162.7	\$ 4.3

Investments	December 31, 2011			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common/Collective trusts	\$ 132.8	\$ —	\$ 132.8	\$ —
Convergys common stock	3.7	3.7	—	—
Equity fund	3.9	—	—	3.9
Total investments	\$ 140.4	\$ 3.7	\$ 132.8	\$ 3.9

For additional information on the fair value hierarchy, see Note 13.

The Company's pension plan holds level 2 investments in common/collective trust funds that are public investment vehicles valued using a net asset value (NAV) provided by the manager of each fund. The NAV is based on the underlying net assets owned by the fund, divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that may not be active. However, the NAV is based on the fair value of the underlying securities within the fund, which are traded on an active market, and valued at the closing price reported on the active market on which those individual securities are traded. The significant investment strategies of the funds are as described in the financial statements provided by each fund. There are no restrictions on redemptions from these funds.

The Company's pension plan holds Level 3 investments within equity funds which primarily invests in domestic early stage capital funds. The fair value of these investments is based on the net asset value per share of the fund. The pension plan has approximately \$0.2 in future funding requirements associated with this investment. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement. The following table provides a reconciliation of the beginning and ending balances for the Level 3 assets:

	Year Ended December 31	
	2012	2011
Balance, beginning of year	3.9	3.4
Unrealized gains relating to instruments still held at the reporting date	0.4	0.4

Purchases		—	0.1
Balance, end of year	\$	4.3	\$ 3.9

Savings Plans

The Company sponsors a defined contribution plan covering substantially all U.S. employees. The Company's contributions to the plan are based on matching a portion of the employee contributions. In 2011, the Company's matching contribution changed from 100% of the first 5% to 100% of the first 3% of eligible employee contributions. As a result, total Company contributions to the defined contribution plan were \$6.7 in 2012 compared to \$9.5 and \$15.1 for 2011 and 2010, respectively. Plan assets for these plans included 1.5 (\$25.3) and 2.0 (\$26.0) of Company's common shares at December 31, 2012 and 2011, respectively.

Employee Postretirement Benefits Other Than Pensions

The Company sponsors postretirement health and life insurance plans for certain eligible employees. The plan provides eligible employees and retirees with the opportunity to direct an amount of their compensation or pension benefits to cover medical, dental and life insurance programs of their choice for their benefit and the benefit of their dependents. The plan covers both active and retired eligible employees of the Company and its subsidiaries. Employees' eligibility to participate in the plan is based upon their date of hire. During the second quarter of 2011, the Company amended certain components of the postretirement health and life insurance plans to reduce certain benefits. The plan amendments constitute negative amendments. As a result of the plan amendments, the accumulated postretirement benefit obligation decreased approximately \$20 from December 31, 2010, the impact of which will be recognized as a reduction to net periodic benefit cost over the remaining future service years of the active participants over a weighted-average period of approximately 3 years. During 2012, the Company recognized a \$3.8 curtailment benefit related to these plans as a result of the sale of the Information Management business.

The Company funds life insurance benefits of certain retirees through a Voluntary Employee Benefit Association (VEBA) trust. Contributions to the plan consist of (1) compensation or pension benefit deductions that the participant directs the Company, which is also the Plan Sponsor, to deposit into the plan on their behalf based on the coverage the participant has elected under the plan, and (2) amounts the Company pays to the plan that are in excess of the participant-directed deductions. Contributions to the VEBA are subject to IRS limitations developed using the aggregate cost method. At December 31, 2006, the Company eliminated the postretirement life insurance plan benefits for non-retirement eligible employees. The Company's postretirement benefit plan (benefit) cost was \$(9.5), \$(3.4), and \$0.5 for 2012, 2011 and 2010, respectively. The amounts included within accumulated other comprehensive loss related to these benefits were \$6.6 and \$14.9 at December 31, 2012 and 2011, respectively.

Components of other post-employment benefit plan cost and other amounts recognized in other comprehensive income (loss) for the postretirement health and life insurance plans are as follows:

	2012	2011	2010
Service cost	\$ —	\$ 0.2	\$ 0.4
Interest cost on projected benefit obligation	0.3	0.9	1.4
Expected return on plan assets	(0.5)	(0.5)	(0.6)
Amortization and deferrals—net	(5.5)	(4.0)	(0.7)
Curtailment benefit	(3.8)	—	—
Total other post-employment benefit plan (benefit) cost	\$ (9.5)	\$ (3.4)	\$ 0.5
Other comprehensive income (loss)	\$ (8.3)	\$ 14.1	\$ (2.0)

The reconciliation of the postretirement health and life insurance plan's projected benefit obligation and the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 8.6	\$ 27.1
Service cost	—	0.2
Interest cost	0.3	0.9
Plan amendment	—	(16.8)
Actuarial (gain) loss	(0.8)	(1.8)
Curtailment	(0.6)	—
Part D subsidy	—	0.1
Benefits paid	(0.6)	(1.1)
Benefit obligation at end of year	\$ 6.9	\$ 8.6
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 7.0	\$ 7.2
Actual return on plan assets	0.1	0.2
Employer contribution	(0.5)	0.7
Benefits paid	(0.6)	(1.1)
Fair value of plan assets at end of year	\$ 6.0	\$ 7.0
Funded status	\$ (0.9)	\$ (1.6)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Non-current assets	\$ 1.8	\$ 3.3
Current liability	0.3	0.5
Non-current liability	2.4	4.4
Accumulated other comprehensive income (loss)	\$ (6.6)	\$ 14.9

Estimated future benefit payments from the postretirement health and life plan are as follows:

2013	\$ 0.5
2014	0.4
2015	0.5
2016	0.5
2017	0.5
2018 - 2022	2.5
Total	\$ 4.9

Plan assets for the postretirement health and life plan of \$6.0 and \$7.0 at December 31, 2012 and 2011, respectively, are comprised of money market accounts, a Level 1 asset. The Company expects to make \$0.3 in contributions in 2013 to fund its post retirement health and life plan. No plan assets are expected to be returned to the Company during 2013.

Assumed health care cost trend rates were capped for all participants following the plan amendments during the second quarter of 2011.

**Document And Entity
Information (USD \$)**

**12 Months Ended
Dec. 31, 2012**

Jun. 30, 2012

Document And Entity Information [Abstract]

<u>Document Type</u>	10-K	
<u>Amendment Flag</u>	false	
<u>Document Period End Date</u>	Dec. 31, 2012	
<u>Document Fiscal Year Focus</u>	2012	
<u>Document Fiscal Period Focus</u>	FY	
<u>Entity Registrant Name</u>	CONVERGYS CORP.	
<u>Entity Central Index Key</u>	0001062047	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Entity Filer Category</u>	Large Accelerated Filer	
<u>Entity Common Stock, Shares Outstanding</u>	106,256,886	
<u>Trading Symbol</u>	cvg	
<u>Entity Well-known Seasoned Issuer</u>	No	
<u>Entity Voluntary Filers</u>	No	
<u>Entity Current Reporting Status</u>	Yes	
<u>Entity Public Float</u>		\$ 1,660,693,899

Stock-Based Compensation Plans

12 Months Ended
Dec. 31, 2012

[Share-based Compensation,
Allocation and Classification
in Financial Statements
\[Abstract\]](#)

[Stock-Based Compensation
Plans](#)

Stock-Based Compensation Plans

At December 31, 2012, the Company had 38.0 common shares that were authorized for issuance under the Convergys Corporation 1998 Long-Term Incentive Plan (Convergys LTIP), as amended on January 28, 2011. The Company granted stock options in 2012 and 2011 with exercise prices that are no less than market value of the stock at the grant date and have a ten-year term and vesting terms of two to three years. Stock options granted in 2010 were fully vested at the time they were granted. The Company also grants certain employees and Directors restricted stock units. The restricted stock units do not possess dividend or voting rights and consist of both time-related and performance-related units. The restrictions for the time-related restricted stock units generally lapse two to three years after the grant date. The performance-related units vest upon the Company's satisfaction of certain financial targets. Performance-related units that have not vested by the end of two years from the grant date (i.e., the performance conditions for vesting of those units have not been met within that period) are forfeited.

The following table shows certain information as of December 31, 2012, with respect to compensation plans under which common shares are authorized for issuance:

	Number of Common Shares to be Issued Upon Exercise	Weighted Average Exercise Price	Common Shares Available for Future Issuance
Equity compensation plans approved by shareholders			
Stock options	1.2 \$	12.91	—
Restricted stock units	2.5	—	—
	3.7 \$	12.91	10.2

The Company's operating results reflect long-term incentive plan expense of \$21.0, \$17.0 and \$14.8 for the years ended December 31, 2012, 2011 and 2010, respectively. Long-term incentive plan expense related to discontinued operations for these periods was \$1.4, \$2.6, and \$3.2, respectively. Long-term incentive plan expenses include: (a) incentive plan expense that is paid in cash based on relative shareholder return, and (b) stock compensation expense. Stock compensation expense for the years ended December 31, 2012, 2011 and 2010 was \$21.6, \$17.4 and \$15.3, respectively.

Stock Options

Presented below is a summary of Company stock option activity:

Shares (in Millions)	Shares	Weighted Average Exercise Price
Options outstanding at January 1, 2010	7.8 \$	32.21
Options exercisable at January 1, 2010	7.8	32.21
Granted	0.3	10.88
Exercised	—	11.74
Forfeited	(2.4)	31.14
Options outstanding at December 31, 2010	5.7 \$	31.66

Options exercisable at December 31, 2010	5.7 \$	31.66
Granted	0.7	13.79
Exercised	(0.2)	11.68
Forfeited	(2.3)	41.50
Options outstanding at December 31, 2011	3.9 \$	23.90
Options exercisable at December 31, 2011	3.2 \$	25.97
Granted	0.7	12.79
Exercised	(1.0)	11.62
Forfeited	(2.4)	31.33
Options outstanding at December 31, 2012	1.2 \$	12.91
Options exercisable at December 31, 2012	0.3 \$	11.86

Approximately one-half of the stock options granted during 2012 and 2011 vest in two years and the remaining vest in three years. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. For the 2012 grants, the weighted average fair value at grant date of \$3.43 per option granted included assumptions of a strike price of \$12.79, a 30.74% implied volatility, an expected term of 4.5 years, a risk-free rate of 0.76%, and a dividend yield of 0.00%. These 2012 option grants resulted in stock compensation expense of \$0.7 in 2012. For the 2011 grants, the weighted average fair value at grant date of \$4.06 per option granted included assumptions of a strike price of \$13.79, a 31.11% implied volatility, an expected term of 4.5 years, a risk-free rate of 2.12%, and a dividend yield of 0.00%. These 2011 option grants resulted in stock compensation expense of \$0.3 in 2012 and \$1.0 in 2011. Stock options were granted during 2010 that were fully vested at the time they were granted, resulting in compensation cost of approximately \$1.1. Expected volatility is based on the unbiased standard deviation of the Company's common stock over the option term. The expected life of the options represents the period of time that the Company expects the options granted to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant of the option for the expected term of the instrument. The dividend yield reflects an estimate of dividend payouts over the term of the award.

The weighted average grant date fair value per share for the outstanding and exercisable options at December 31, 2012 was \$4.73 and \$3.99, respectively.

The following table summarizes the status of the Company stock options outstanding and exercisable at December 31, 2012:

Shares (in Millions)	Options Outstanding			Options Exercisable		
	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
Range of Exercise Prices						
\$0.0 to \$11.55	0.2	1.2	\$ 11.20	0.2	1.2	\$ 11.20
\$11.56 to \$21.81	1.0	7.7	13.25	0.1	0.1	13.12
Total	1.2	6.6	\$ 12.91	0.3	0.8	\$ 11.86

The aggregate intrinsic value of stock options exercised was \$3.3 in 2012, \$0.7 in 2011 and \$0.1 in 2010. The actual tax benefit realized from the exercised stock options was \$0.7 in 2012, \$0.1 in 2011 and less than \$0.1 in 2010. The total grant date fair value of stock options that vested during 2010 was \$1.1. No stock options vested during 2012 or 2011. As of December 31, 2012, the aggregate intrinsic value was \$4.0 for both stock options outstanding and exercisable. Intrinsic value represents the Company's closing

price on the last trading day of the year in excess of the weighted average exercise price for those tranches of options with a weighted average exercise price less than the closing price multiplied by the number of options outstanding or exercisable.

Restricted Stock Units

During 2012, 2011 and 2010, the Company granted 1.6, 1.5 and 2.3 shares, respectively, of restricted stock units. The weighted average fair values of these grants were \$13.11, \$13.67 and \$11.45, respectively. Included in the total grants were 0.6, 0.5 and 1.0 of performance-related restricted stock units for 2012, 2011 and 2010, respectively.

The 2012 and 2011 performance-related grants provide for payout based upon the extent to which the Company achieves certain EBITDA targets, as determined by the Compensation and Benefits Committee of the Board of Directors for this award, over a two-year period. Payout levels range from 50% to 200% of award shares earned. No payout can be earned if performance is below the minimum threshold level. Compensation cost related to these 2012 and 2011 grants will be adjusted based upon expected performance as compared to defined targets.

The 2010 performance-related grants provide for payout depending on the Company's relative total shareholder return in each respective year as compared to companies in the S&P 500 Index. The Company used a Monte Carlo simulation model to determine the fair value for performance-based restricted stock units granted during 2010. The assumptions used in this model are set forth in the table below. Expected volatilities for the 2010 performance awards were based on historical volatility and daily returns for the three-year period ended January 1, 2010 of the Company's stock and S&P 500 companies. For the 2010 performance awards, the total stock return for the Company over the performance period is based on comparing Convergys' average closing price from the fourth quarter of 2009 with the average expected closing price for the fourth quarter of 2012. For these 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 2009 with the average expected closing price for the fourth quarter of 2012. 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.

	2010
Expected volatility	56.0%
Expected term (in years)	3.0
Risk-free interest rate	1.4%

The total compensation cost related to non-vested restricted stock and restricted stock units not yet recognized as of December 31, 2012 was approximately \$14.7 based on current estimates of the performance metrics, which is expected to be recognized over a weighted average of 0.8 years. Changes to non-vested restricted stock and restricted stock units for the years ended December 31, 2012 and 2011 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date of Grant
Non-vested at December 31, 2010	4.2	\$ 10.64
Granted	1.5	13.67
Vested	(0.6)	11.70
Forfeited	(1.2)	11.22
Non-vested at December 31, 2011	3.9	11.08
Granted	1.6	13.11
Vested	(2.2)	10.17

Forfeited	(0.8)	11.96
Non-vested at December 31, 2012	2.5 \$	12.91

The aggregate intrinsic value of non-vested restricted stock units was \$41.7 at December 31, 2012.

Income Taxes (Details) (USD \$) In Millions, unless otherwise specified	12 Months Ended			
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2013
Earnings from continuing operations, foreign	\$ 77.1	\$ 52.0	\$ 63.4	
Reduction in income tax benefit	23.50%			
Operating loss carryforward with no expiration	26.8			
Undistributed foreign earnings	443.4			
Liability for unrecognized tax benefits	54.0	112.3		
Accrued interest and penalties recorded in other long-term liabilities	19.1	23.5		
Unrecognized tax benefits that would affect income tax expense	45.5			
Interest and penalties share in unrecognized tax benefits	17.3			
Interest and penalties recognized	(2.9)	3.0		
Expected change in unrecognized tax benefits, lower				3.0
Expected change in unrecognized tax benefits, upper				10.0
Federal				
Operating loss carryforwards	49.5			
State				
Operating loss carryforwards	1,056.7			
Tax credit carryforward	0.9			
Foreign				
Valuation allowance	0.3	14.3		
Operating loss carryforwards	33.1			
Philippines and India [Member]				
Effective income tax rate recociliation, tax holidays	(11.60%)	(0.70%)	8.30%	
Philippines and India [Member] Foreign				
Income tax holiday	3.5	2.5	9.6	
India, Set to Expire March 2011 [Member] Foreign				
Income tax holiday	0	0.9	7.5	
Segment, Discontinued Operations [Member]				
Liability for unrecognized tax benefits	11.8	62.7		
Segment, Discontinued Operations [Member] Foreign				
Valuation allowance		12.9		
Business combinations [Domain] Federal				
Operating loss carryforwards	49.5			
Business combinations [Domain] State				
Operating loss carryforwards	\$ 107.6			

**Consolidated Statements of
Comprehensive Income**

(USD \$)

**In Millions, unless otherwise
specified**

12 Months Ended

Dec. 31, 2012 Dec. 31, 2011 Dec. 31, 2010

<u>Net Income (Loss)</u>	\$ 100.6	\$ 334.8	\$ (53.2)
<u>Foreign currency translation adjustments</u>	22.3	(3.9)	11.7
<u>Change related to pension liability, net of tax</u>	1.0	(7.3)	(3.5)
<u>Unrealized gain (loss) on hedging activities, net of tax</u>	12.9	(20.2)	33.5
<u>Total other comprehensive income (loss)</u>	36.2	(31.4)	41.7
<u>Total Comprehensive Income (Loss)</u>	\$ 136.8	\$ 303.4	\$ (11.5)

**Earnings (Loss) Per Share
and Shareholders' Equity**

**12 Months Ended
Dec. 31, 2012**

Earnings Per Share

[Abstract]

Earnings (Loss) Per Share and Shareholder's Equity

Earnings (Loss) per Share

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

Shares (in Millions)	Shares	Continuing Operations		Discontinued Operations		Total
		Net Income (Loss)	Per Share Amount	Net Income (Loss)	Per Share Amount	Per Share Amount
2012:						
Basic EPS	112.2	\$ 28.2	\$ 0.25	\$ 72.4	\$ 0.65	0.90
Effect of dilutive securities:						
Stock-based compensation arrangements	2.1	—	—	—	(0.01)	(0.01)
2029 Convertible Debentures	2.8	—	(0.01)	—	(0.02)	(0.03)
Diluted EPS	117.1	\$ 28.2	\$ 0.24	\$ 72.4	\$ 0.62	0.86
2011:						
Basic EPS	120.2	\$ 282.5	\$ 2.35	\$ 52.3	\$ 0.44	2.79
Effect of dilutive securities:						
Stock-based compensation arrangements	2.1	—	(0.05)	—	(0.02)	(0.07)
2029 Convertible Debentures	0.6	—	—	—	—	—
Diluted EPS	122.9	\$ 282.5	\$ 2.30	\$ 52.3	\$ 0.42	2.72
2010:						
Basic EPS	123.1	\$ (109.8)	\$ (0.89)	\$ 56.6	\$ 0.46	(0.43)
Effect of dilutive securities:						
Stock-based compensation arrangements	—	—	—	—	—	—
2029 Convertible Debentures	—	—	—	—	—	—
Diluted EPS	123.1	\$ (109.8)	\$ (0.89)	\$ 56.6	\$ 0.46	(0.43)

The diluted EPS calculation excludes the effect of 1.0, 3.7 and 5.8 of outstanding stock options for the years ended December 31, 2012, 2011 and 2010, respectively, because they are anti-dilutive. The calculation also excludes the effect of 2.2 restricted stock units and 0.2 shares related to the 2029 Convertible Debentures for the year ended December 31, 2010 because they are anti-dilutive. As the Company reported a Net Loss from Continuing Operations for the year ended December 31, 2010, diluted shares outstanding are equivalent to basic shares outstanding.

As described more fully in Note 7, the Company issued approximately \$125.0 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due 2029 (2029 Convertible Debentures) in 2009. The 2029 Convertible Debentures are convertible, subject to certain conditions, into shares of the Company's common stock at an initial conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares per one thousand in principal amount of debentures. The conversion rate will be subject to adjustments for certain events outlined in the indenture governing the Debentures (the Indenture), including payment of dividends.

Shareholders' Equity

The Company repurchased 12.3 shares during the year ended December 31, 2012 at an average price of \$15.04 per share for a total of \$184.4. Based upon timing of transactions, \$3.6 of the shares repurchased had not settled as of December 31, 2012. These shares are excluded from outstanding shares at the end of the year and were settled in cash during the first quarter of 2013. There were 7.7 shares repurchased during the year ended December 31, 2011. Below is a summary of the Company's share repurchases for the years ended December 31, 2012, 2011 and 2010:

2012	12.3	\$	184.4
2011	7.7	\$	96.8
2010	2.4	\$	24.9

At December 31, 2012, the Company has the authority to repurchase an additional \$139.4 of outstanding common shares pursuant to current authorizations. In February 2013, the Company's Board of Directors approved an increase in remaining authorized share repurchases to \$250.0 in the aggregate. The timing and terms of any future transactions will depend on a number of considerations including market conditions and our liquidity and limits that may be applicable under the covenants in our credit agreement.

The Company also repurchased 0.8 shares at an average price of \$16.51 for aggregate proceeds of \$14.0 subsequent to December 31, 2012 through February 21, 2013.

Preferred Shares

The Company is authorized to issue up to 5.0 preferred shares, of which 4.0 would have voting rights. At December 31, 2012 and 2011, there were no preferred shares outstanding.

Dividends

On May 8, 2012, the Company announced that its Board of Directors declared an initial cash dividend of \$0.05 per share. The initial cash dividend was paid on July 6, 2012 to all shareholders of record as of June 22, 2012. On July 26, 2012, the Company announced that its Board of Directors declared a cash dividend of \$0.05 per share, which was paid on October 5, 2012 to all shareholders of record as of September 21, 2012. On October 23, 2012, the Company announced that its Board of Directors declared a cash dividend of \$0.05 per share, which was paid on January 4, 2013 to all shareholders of record as of December 21, 2012. On February 7, 2013, the Company announced that the Board of Directors raised the dividend 20 percent to \$0.06 per share. The dividend payment of \$0.06 is scheduled to be made on April 5, 2013 to shareholders of record at the close of business on March 22, 2013. The Board expects that future cash dividends will be paid on a quarterly basis. However, any decision to pay future cash dividends will be subject to Board approval, and will depend on the Company's future earnings, cash flow, financial condition, financial covenants and other relevant factors.

Divestitures

12 Months Ended
Dec. 31, 2012

[Discontinued Operations and Disposal Groups](#)

[\[Abstract\]](#)

[Divestitures](#)

Divestitures and Discontinued Operations

Information Management

On May 16, 2012, the Company completed the sale of its Information Management line of business to NEC Corporation for \$449.0 in cash. The Company recorded a gain of \$99.8 pretax and \$16.2 after tax in 2012. The sale of Information Management was a taxable transaction that resulted in \$83.6 being recorded for the combined federal, state and foreign income tax obligation. The high effective tax rate is primarily due to a lower basis in net assets, including goodwill, for tax purposes compared to their book basis. The gain on sale included the elimination of \$201.7 of goodwill and intangible assets.

The results of Information Management have been classified as discontinued operations for all periods presented. Certain costs previously allocated to the Information Management segment that do not qualify for discontinued operations accounting treatment are now reported as costs from continuing operations. Through the close of this transaction, these costs were \$8.8, \$23.6 and \$28.4 for December 31, 2012, 2011 and 2010, respectively. The Company is taking actions to reduce these costs and expects transition services revenue from services provided to the buyer subsequent to completion of the sale to offset a significant portion of these costs. During 2012, we earned \$13.8 in revenue under these transition services agreements. While the transition services agreements vary in duration up to 24 months depending on the type of service provided, our expectation is that we will substantially eliminate the underlying costs as the transition services are completed.

Summarized operating results of the Information Management business are as follows:

	Year Ended December 31,		
	2012	2011	2010
Revenue	\$ 128.8	\$ 328.8	\$ 340.1
Income before tax - Information Management operations ⁽¹⁾	23.7	58.2	59.3
Gain on disposition ⁽²⁾	99.8	—	—
Income before income taxes	123.5	58.2	59.3
Income tax expense:			
Expense related to Information Management operations	7.9	12.4	24.2
Expense related to gain on disposition	83.6	—	—
Income from discontinued operations, net of tax	\$ 32.0	\$ 45.8	\$ 35.1

⁽¹⁾ Excludes costs previously allocated to Information Management that did not meet the criteria for presentation within discontinued operations of \$8.8, \$23.6 and \$28.4 for December 31, 2012, 2011 and 2010, respectively.

⁽²⁾ Includes \$22.8 of transaction costs related to the sale for December 31, 2012.

The major classes of assets and liabilities that were included as part of the Information Management business and presented during these periods as held for sale were as follows:

	December 31,	
	2012	2011
Assets:		
Current assets	\$	— \$ 87.3
Property and equipment, net		— 21.5
Other assets		— 298.2
Total assets	\$	— \$ 407.0
Liabilities:		
Current liabilities		— 68.3
Other liabilities		— 51.7
Total liabilities	\$	— \$ 120.0

Cash flows generated from discontinued operations are presented separately in the Company's Consolidated Statements of Cash Flows.

Finance and Accounting outsourcing line of business (F&A)

In January 2011, the Company completed the sale of F&A for approximately \$10.0. The gain on the sale amounted to \$7.0 before tax, recorded within Other income (expense), net in the Consolidated Statements of Income, and \$4.3 after tax in 2011. The gain on the sale included the elimination of \$2.6 of goodwill and other intangible assets. The results of operations of F&A and the sale of F&A are not material to the Company's results of operations or financial condition and, therefore, are not reflected as discontinued operations for the periods presented.

HR Management

In June 2010, the Company substantially completed the sale of the HR Management line of business to NorthgateArinso, the Human Resource division of Northgate Information Solutions Limited, for approximately \$93.0, net of working capital adjustments. The consideration received at closing consisted of approximately \$78.0 in cash and a zero coupon note issued by NorthgateArinso in the principal amount of \$15.0. The note is payable in increments of \$5.0 on the second anniversary of closing, which the Company received during 2012, and \$10.0 on the third anniversary of closing. In connection with and at the time of the completion of the sale in June 2010, the Company made cash payments of \$28.2 for certain obligations of the HR Management business, the impact of which is included in cash flows from operating activities of discontinued operations.

The gain on the sale of HR Management recorded in 2010 was \$35.2 pretax and \$5.6 after tax. The sale of HR Management was a taxable transaction that resulted in \$29.6 being recorded for the combined federal, state and foreign income taxes. Subsequently, in 2011, a \$6.5 reduction to the tax on the gain on this transaction was recorded and has been reflected in discontinued operations. Also included in discontinued operations are tax benefits associated with changes in reserves for uncertain tax positions related to previously divested businesses. The gain on the sale included the elimination of \$67.1 of goodwill and intangible assets.

As a result of the sale of the HR Management business, the operating results related to HR Management have been reflected as discontinued operations. For periods prior to June 2010, certain costs previously allocated to the HR Management segment are now included in continuing operations. These costs were \$9.1 for December 31, 2010. Beginning June 1, 2010 the Company began earning transition services revenues for services provided to the buyer under agreements lasting from three to eighteen months. During 2011 and 2010, the Company earned \$14.4 and \$24.0, respectively, in revenue under these transition services agreements subsequent to the close of the sale. These

revenues largely offset the related costs described above incurred subsequent to June 1, 2010.

Summarized operating results of the HR Management business are as follows:

	Year Ended December 31,		
	2012	2011	2010
Revenue	\$ —	\$ —	\$ 107.2
Income before tax	—	—	25.3
Gain on disposition	—	—	35.2
Income before income taxes	—	—	60.5
Income tax (benefit) expense:			
(Benefit) expense related to operations and previously divested businesses	(40.4)	—	9.4
Expense (benefit) related to gain (loss) on disposition	—	(6.5)	29.6
Income from discontinued operations, net of tax	\$ 40.4	\$ 6.5	\$ 21.5

**Additional Financial
Information**

**12 Months Ended
Dec. 31, 2012**

[Organization, Consolidation and Presentation of
Financial Statements \[Abstract\]](#)
[Additional Financial Information](#)

Additional Financial Information

	At December 31,	
	2012	2011
Property and equipment, net:		
Land	\$ 12.7	\$ 18.4
Buildings	107.7	221.8
Leasehold improvements	180.6	160.2
Equipment	524.1	478.1
Software	305.5	276.4
Construction in progress and other	33.4	27.5
	1,164.0	1,182.4
Less: Accumulated depreciation	(884.8)	(838.5)
	\$ 279.2	\$ 343.9
Payables and other current liabilities:		
Accounts payable	\$ 50.6	\$ 41.9
Accrued taxes	21.2	42.0
Accrued payroll and related expenses	85.6	87.1
Derivative liabilities	6.1	11.2
Accrued expenses, other	85.7	67.4
Restructuring and exit costs	5.5	1.8
Deferred revenue and government grants	31.1	46.3
	\$ 285.8	\$ 297.7
Accumulated other comprehensive (loss) income:		
Foreign currency translation adjustments	\$ 36.4	\$ 14.1
Pension liability, net of tax benefit of \$35.1 and \$35.7	(58.3)	(59.3)
Unrealized gain (loss) on hedging activities, net of tax (expense) benefit (\$7.1) and \$1.0	11.4	(1.5)
	\$ (10.5)	\$ (46.7)

Commitments And Contingencies

12 Months Ended
Dec. 31, 2012

[Commitments and Contingencies Disclosure](#)

[\[Abstract\]](#)

[Commitments And Contingencies](#)

Commitments and Contingencies

Commitments

The Company leases certain facilities and equipment used in its operations. Total rent expense was \$66.0, \$61.1 and \$61.6 in 2012, 2011 and 2010, respectively.

At December 31, 2012, the total minimum rental commitments under non-cancelable operating leases are as follows:

2013	\$	66.2
2014		51.7
2015		46.1
2016		35.9
2017		33.5
Thereafter		27.9
Total	\$	261.3

At December 31, 2012, the Company had outstanding letters of credit of \$27.9 related to performance and payment guarantees, of which \$12.6 is set to expire by the end of 2012, \$4.7 is set to expire within one to three years and \$10.6 is set to expire after three years. The Company also had other bond obligations of \$1.5 related to performance and payment guarantees.

At December 31, 2012, the Company had outstanding performance bond obligations of \$30.0 related to performance and payment guarantees for the Company's former HR Management line of business. As part of the gain on disposition the Company recognized a liability equal to the present value of probability weighted cash flows of potential outcomes, a Level 3 fair value measurement. Although NorthgateArinso is obligated to indemnify the Company for any and all losses, costs, liabilities and expenses incurred related to these performance bonds, as of December 31, 2012 the Company maintains a liability of \$1.0 for these obligations.

The Company also has purchase commitments with telecommunication providers of \$17.3 in 2013.

Contingencies

The Company from time to time is involved in various loss contingencies, including legal contingencies that arise in the ordinary course of business. 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.

In November 2011, one of the Company's call center clients tendered a contractual indemnity claim to Convergys Customer Management Group, Inc., a subsidiary of the Company, relating to a putative class action captioned *Brandon Wheelock, individually and on behalf of a class and subclass of similarly situated individuals, v. Hyundai Motor America*, Orange County Superior Court, California, Case No. 30-2011-00522293-CU-

BT-CJC. The lawsuit alleges that Hyundai Motor America violated California's telephone recording laws by recording telephone calls with customer service representatives without providing a disclosure that the calls might be recorded. Plaintiff is seeking, among other things, an order certifying the suit as a California class action, statutory damages, payment of attorneys' fees and pre- and post judgment interest. Convergys Customer Management Group, Inc. is not named as a defendant in the lawsuit and has not agreed to indemnify Hyundai. On March 5, 2012, the court sustained a demurrer filed by Hyundai to one of Plaintiff's causes of action, but overruled the demurrer as to the Plaintiff's other cause of action. On March 15, 2012, Plaintiff filed an amended complaint. Hyundai answered the amended complaint on April 16, 2012, by generally denying the allegations and asserting certain affirmative defenses. On May 7, 2012, Hyundai filed a motion for summary judgment based on Hyundai's claim that an exemption under the California recording laws were intended to exempt the type of recording done by Hyundai's call centers. On January 10, 2013, the court heard arguments on Hyundai's motion for summary judgment. On February 5, 2013, the court denied the motion. We anticipate the parties will discuss, among other things, a schedule for discovery at a status hearing scheduled for February 27, 2013.

Given the early stage of this matter, the fact that Convergys Customer Management Group, Inc. is not named as a defendant in the lawsuit, and the fact that there has been no determination as to whether Convergys Customer Management Group, Inc. will be required to indemnify Hyundai, the likelihood of losses that may become payable under such claims, the amount of reasonably possible losses associated with such claims, and whether such losses may be material cannot be determined or estimated at this time. The Company has, therefore, not established as reserve with respect to this matter. The Company believes Convergys Customer Management Group, Inc., has meritorious defenses to Hyundai's demand for indemnification and also believes there are meritorious defenses to Plaintiff's claims in the lawsuit.

Industry Segments and Geographic Operations (Schedule Of Business Segment Information) (Details) (USD \$) In Millions, unless otherwise specified	3 Months Ended					12 Months Ended					
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Revenues</u>	\$ 508.8	\$ 507.6	\$ 491.1	\$ 497.5	\$ 500.5	\$ 493.3	\$ 474.6	\$ 464.8	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3
<u>Depreciation</u>									82.4	76.3	87.6
<u>Amortization</u>									6.3	7.4	7.7
<u>Restructuring charges</u>									11.6	1.2	28.7
<u>Asset Impairments</u>									88.6	0	181.1
<u>Operating income (loss)</u>	31.0	39.1	(60.5)	29.0	30.9	[1]28.1	26.4	24.7	38.6	110.1	(153.9)
<u>Assets</u>	2,037.9				2,330.8				2,037.9	2,330.8	
<u>Long-Lived Assets</u>	937.3				1,379.7				937.3	1,379.7	
North America											
<u>Revenues</u>									1,836.4	1,790.1	1,716.3
<u>Long-Lived Assets</u>	849.3				957.4				849.3	957.4	
<u>Assets Held-for-sale, Long Lived</u>	0				319.7				0	319.7	
Rest of World											
<u>Revenues</u>									168.6	143.1	147.0
<u>Long-Lived Assets</u>	88.0				102.6				88.0	102.6	
At And T [Member] Customer Concentration Risk [Member] Sales Revenue, Services, Net [Member]											
<u>Concentration risk percent</u>									23.10%	23.40%	23.00%
<u>Accounts Receivable, Net</u>	\$ 73.0				\$ 82.0				\$ 73.0	\$ 82.0	
Directtv [Member] Customer Concentration Risk [Member] Sales Revenue, Services, Net [Member]											
<u>Concentration risk percent</u>									12.30%	11.80%	8.60%
Comcast [Member] Customer Concentration Risk [Member] Sales Revenue, Services, Net [Member]											
<u>Concentration risk percent</u>									12.40%	12.00%	10.50%

[1] (a) Includes asset impairment charge of \$88.6.

Debt

12 Months Ended
Dec. 31, 2012

Long-term Debt and Capital Lease Obligations [Abstract]

Debt

Debt

Debt consists of the following:

	At December 31,	
	2012	2011
Revolving credit facility	\$ —	\$ —
2029 Convertible Debentures	58.4	57.5
Capital Lease Obligations	2.2	58.7
Accounts Receivable Securitization	—	—
Other	—	10.9
Total debt	60.6	127.1
Less current maturities	0.7	6.2
Long-term debt	\$ 59.9	\$ 120.9
Weighted average effective interest rates:		
Revolving credit facility	—%	2.9%
Accounts Receivable Securitization	—%	2.2%
2029 Convertible Debentures	6.5%	6.4%
Other	3.4%	3.4%

On March 11, 2011, the Company entered into a \$300 Four-Year Competitive Advance and Revolving Credit Facility Agreement (the 2011 Credit Facility). The 2011 Credit Facility replaced the Company's \$400 Five-Year Competitive Advance and Revolving Credit Facility (the Prior Credit Facility), dated as of October 20, 2006 and as amended subsequently, among Convergys and a group of financial institutions. In connection with Convergys' entry into the New Credit Facility, Convergys terminated the Prior Credit Facility.

Convergys has two borrowing options available under the New Credit Facility: (i) a competitive advance option which will be provided on an uncommitted competitive advance basis through an auction mechanism and (ii) a revolving credit option which will be provided on a committed basis. Under each option, amounts borrowed and repaid may be re-borrowed subject to availability. Borrowings under the New Credit Facility bear interest at the rates described in the New Credit Facility. The New Credit Facility includes certain restrictive covenants including maintenance of interest coverage and debt-to-EBITDA ratios (as defined in the New Credit Facility). The Company's interest coverage ratio cannot be less than 4.00 to 1.00 as determined on a rolling four quarter basis. The Company's debt-to-EBITDA ratio cannot be greater than 3.00 to 1.00 until December 31, 2012 and 2.75 to 1.00 after December 31, 2012. The New Credit Facility also contains customary representations and warranties. In the event of default, the lenders may terminate the commitments and declare the amounts outstanding, and all accrued interest, immediately due and payable. The maturity date of the New Credit Facility is March 11, 2015 except that upon satisfaction of certain conditions, Convergys may extend the maturity date by one year twice during the term. Convergys will pay an annual facility fee regardless of utilization. At December 31, 2012, the facility was undrawn. The Company was in compliance with all covenants at December 31, 2012.

In December 2004, the Company issued \$250.0 in 4.875% Unsecured Senior Notes (4.875% Senior Notes) due December 15, 2009. During 2009, the Company announced

an exchange offer (Exchange Offer) for up to \$122.5 aggregate principal amount of its outstanding 4.875% Senior Notes. Under the terms of the Exchange Offer, the Company offered to exchange one thousand twenty dollars in principal amount of its new 5.75% Junior Subordinated Convertible Debentures due 2029 (2029 Convertible Debentures) for each one thousand dollars in principal amount of its 4.875% Senior Notes. Upon settlement of the Exchange Offer on October 13, 2009, the Company issued a total of \$125.0 aggregate principal amount of the 2029 Convertible Debentures in exchange for \$122.5 of the 4.875% Senior Notes.

The 2029 Convertible Debentures are convertible, subject to certain conditions, into shares of the Company's common stock at an initial conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares of the Company's common stock per one thousand dollars in principal amount of debentures. Upon conversion, the Company will pay cash up to the aggregate principal amount of the 2029 Convertible Debentures and settle the remainder of the debentures in cash or stock at the Company's option.

The conversion rate will be subject to adjustment for certain events outlined in the indenture governing the debenture (the Indenture). The conversion rate will increase for a holder who elects to convert the debenture in connection with certain share exchanges, mergers or consolidations involving the Company, as described in the indenture.

The Company may not redeem the 2029 Convertible Debentures prior to September 15, 2019, except if certain U.S. federal tax legislation, regulations or rules are enacted or are issued. On or after September 15, 2019, the Company may redeem for cash all or part of the 2029 Convertible Debentures for the principal amount, plus any accrued and unpaid interest, if the last closing price of the Company's common shares has been at least 150% of the applicable conversion price for at least 20 trading days immediately prior to the date on which the Company provides notice of redemption. Holders may convert their 2029 Convertible Debentures prior to the close of business on the business day immediately preceding September 15, 2028, if certain market conditions related to the trading price of the Company's common shares and 2029 Convertible Debentures occur. On or after September 15, 2028, holders may convert their 2029 Convertible Debentures at the option of the holder regardless of the foregoing circumstances. Holders may also convert if the Company calls any or all of the 2029 Convertible Debentures for redemption prior to the maturity date. The conversion rate will equal 100% of the principal amount of the 2029 Convertible Debentures to be redeemed, plus accrued and unpaid interest and will be subject to adjustment for certain events outlined in the Indenture. If certain events occur in the future, the Indenture provides that each holder of the debentures can, for a pre-defined period of time, require the Company to repurchase the holder's debentures for the principal amount plus any accrued and unpaid interest. The Company concluded that the indentures are not conventional convertible debt instruments and that the embedded stock conversion option qualifies as a derivative. Under the appropriate authoritative guidance, the Company further concluded that the option is indexed to the Company's stock and does not require bifurcation from the host instrument. Therefore, the embedded conversion option is not accounted for separately as a derivative.

The 2029 Convertible Debentures, which pay a fixed rate of interest semi-annually, have a contingent interest component that will require the Company to pay interest based on the trading price of the debentures exceeding a specified threshold at specified times, commencing on September 15, 2019, as outlined in the Indenture. The maximum amount of contingent interest that will accrue is 0.75% per annum of the average trading price of the debentures during the periods specified in the Indenture. The fair value of this embedded derivative was not significant at December 31, 2012 and 2011.

At the date of issuance, the Company recognized the liability component of the 2029 Convertible Debenture at its fair value of \$56.3. The liability component was recognized as the fair value of a similar instrument that did not have a conversion feature at issuance. The equity component, which was the value of the conversion feature at issuance, was

recognized as the difference between the proceeds from the issuance of the debentures and the fair value of the liability component, after adjusting for the initial deferred tax impact of \$32.7. The 2029 Convertible Debentures were issued at a coupon rate of 5.75%, which was below that of a similar instrument that does not have a conversion feature. Therefore, the valuation of the debt component, using the income approach, resulted in a debt discount. The debt discount is being amortized over the life of a similar debt instrument without a conversion feature, which the Company determined to equal the contractual maturity of the 2029 Convertible Debentures. Amortization is based upon the effective interest rate method and is included within the interest expense caption in the accompanying Consolidated Statements of Income.

As of December 31, 2012, the 2029 Convertible Debentures "if-converted" value was \$171.5. Based on quoted market prices at December 31, 2012, the fair value of the Company's 2029 Convertible Debentures is \$206.8.

During June 2011, the Company extended the terms of an asset securitization facility collateralized by accounts receivable of certain of the Company's subsidiaries, with a purchase limit to \$150.0 expiring in June 2014. The asset securitization program is conducted through Convergys Funding Inc., a wholly-owned bankruptcy remote subsidiary of the Company. As of December 31, 2012 and December 31, 2011, this facility was undrawn.

Prior to the second quarter of 2012, the Company leased an office complex in Orlando, Florida. In the second quarter of 2012, the Company exercised its option to purchase its leased office facility by discharging the related lease financing obligation in the aggregate principal amount of \$55.0. Total capital lease obligations subsequent to the purchase were \$2.2 at December 31, 2012 compared to \$58.7 at December 31, 2011.

Other debt of \$10.9 at December 31, 2011 consisted of miscellaneous domestic and international borrowings.

At December 31, 2012, future minimum payments of the Company's debt and capital lease arrangements are as follows:

2013	\$	0.7
2014		1.3
2015		0.2
2016		—
2017		—
Thereafter		125.0
Total	\$	127.2

**Debt (Schedule Of Debt And
Capital Lease Obligations)
(Details) (USD \$)
In Millions, unless otherwise
specified**

Dec. 31, 2012 Dec. 31, 2011

Debt Instrument

<u>Revolving credit facility</u>	\$ 0	\$ 0
<u>2029 Convertible debt</u>	58.4	57.5
<u>Capital Lease Obligations</u>	2.2	58.7
<u>Accounts Receivable Securitization</u>	0	0
<u>Other Long-term Debt</u>	0	10.9
<u>Total debt</u>	60.6	127.1
<u>Less current maturities</u>	0.7	6.2
<u>Long-term debt</u>	\$ 59.9	\$ 120.9

Line of Credit [Member]

Debt Instrument

<u>Debt, Weighted Average Interest Rate</u>	0.00%	2.90%
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Asset Securitization Facility [Member]

Debt Instrument

<u>Debt, Weighted Average Interest Rate</u>	0.00%	2.20%
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Other Debt [Member]

Debt Instrument

<u>Debt, Weighted Average Interest Rate</u>	3.40%	3.40%
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5.75% Junior Subordinated Convertible Debentures [Member]

Debt Instrument

<u>Debt, Weighted Average Interest Rate</u>	6.50%	6.40%
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**Investment In Cellular
Partnership**

**12 Months Ended
Dec. 31, 2012**

**Equity Method Investments
and Joint Ventures**

[Abstract]

**Investment In Cellular
Partnership**

Investment in Cellular Partnerships

On July 1, 2011, the Company completed the sale of its 33.8% limited partnership interest in the Cincinnati SMSA Limited Partnership and its 45.0% limited partnership interest in the Cincinnati SMSA Tower Holdings LLC (collectively referred to as the Cellular Partnerships) to AT&T. AT&T is the general and a limited partner of both Cincinnati SMSA Limited Partnership and Cincinnati SMSA Tower Holdings LLC with partnership interests prior to Convergys' sale of its interests of approximately 66% and 53%, respectively. The Company received approximately \$320.0 in cash proceeds upon closing. The Company's interests in the Cellular Partnerships did not qualify as discontinued operations; therefore, the gain has been reported within income from continuing operations and no reclassification of prior results is required. The gain on sale of its interests in the Cellular Partnerships was \$265.0, or \$171.8 net of tax. Prior to the sale, the Company accounted for its interest in the Cellular Partnerships under the equity method of accounting.

Since the Cellular Partnerships were organized as limited partnerships, the partners are responsible for income taxes applicable to their share of taxable income generated by the Cellular Partnerships. The net income of the Cincinnati SMSA Limited Partnership reflected in the following table does not include any provision for income taxes incurred by the partners.

	Year Ended December 31,		
	2012	2011	2010
Revenues	\$ —	\$ 359.8	\$ 653.5
Income from operations	—	61.2	124.1
Net income	—	60.8	120.9

The Company's equity in earnings of equity method investees for the three years ended December 31, 2012, 2011 and 2010, respectively, is as follows:

	Year Ended December 31,		
	2012	2011	2010
Convergys' equity in earnings of Cincinnati SMSA Limited Partnership	\$ —	\$ 20.5	\$ 46.1
Convergys' equity in earnings of Cincinnati SMSA Tower Holdings LLC	—	0.9	1.1
Transaction costs related to the sale of Convergys' interests in Cellular Partnerships	—	(1.2)	—
Gain on sale of Convergys' interests in Cellular Partnerships	—	265.0	—
Total earnings and gain from Cellular Partnerships, net	\$ —	\$ 285.2	\$ 47.2

**Goodwill and Other
Intangible Assets and Long-
Lived Assets**

12 Months Ended

Dec. 31, 2012

**[Goodwill and Intangible
Assets Disclosure \[Abstract\]](#)**

**[Goodwill And Other
Intangible Assets and Long-
Lived Assets](#)**

Goodwill and Other Intangible and Long-Lived Assets

Goodwill

The Company tests goodwill for impairment annually as of October 1 and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable. Goodwill impairment testing is performed at the reporting unit level, one level below the business segment. The Company's reporting units are Customer Management - Live Agents and Customer Management - Customer Interaction Technology (CIT).

Completion of the sale of the Information Management business qualified as a triggering event for an interim assessment of goodwill impairment during the second quarter of 2012 for the Company's Information Management and CIT reporting units. Based upon the purchase price for the Information Management business, the triggering event did not indicate an impairment of the Information Management reporting unit.

The sale of the Information Management business impacted the sale of certain products developed by the CIT reporting unit and co-marketed by CIT and the Information Management business. Due in part to this transition, the fair value of the CIT reporting unit was determined to be less than its carrying value. The conclusion of step two of the impairment analysis resulted in the impairment of the entire \$46.0 goodwill balance of this reporting unit. The Company, therefore, recorded a \$46.0 (\$44.4 net of tax) goodwill impairment charge, included within the asset impairment caption in the accompanying Consolidated Statements of Income for the year ended December 31, 2012. Fair value was determined based on discounted cash flow analysis which contains significant unobservable inputs that fall within Level 3 of the fair value hierarchy under U.S. GAAP.

The most recent annual impairment test performed as of October 1, 2012, indicated that the fair value of the Customer Management - Live Agents reporting unit was substantially in excess of its carrying values. Despite that excess, however, impairment charges could still be required if a divestiture decision were made or other significant economic event were made or occurred with respect to the reporting units. Subsequent to our October 1, 2012 annual impairment test, no indications of an impairment were identified.

Below is a progression of goodwill for 2012 and 2011:

Balance at December 31, 2010	\$	624.1
Acquisitions		—
Impairment		—
Foreign currency and other		(2.6)
Balance at December 31, 2011	\$	621.5
Acquisitions		—
Impairment		(46.0)
Foreign currency and other		2.2
Balance at December 31, 2012	\$	577.7

Accumulated goodwill impairment charges at December 31, 2012 and 2011 were \$212.5 and \$166.5, respectively.

Other Intangible Assets

The Company's other intangible assets, primarily acquired through business combinations, are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts. No impairment charges were recognized in any period presented. As of December 31, 2012 and 2011, the Company's other intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
2012:			
Software (classified with Property, Plant & Equipment)	\$ 41.3	\$ (26.5)	\$ 14.8
Trademarks	10.0	(10.0)	—
Customer relationships and other intangibles	119.5	(100.6)	18.9
Total	\$ 170.8	\$ (137.1)	\$ 33.7
2011			
Software (classified with Property, Plant & Equipment)	\$ 41.3	\$ (21.8)	\$ 19.5
Trademarks	10.0	(8.3)	1.7
Customer relationships and other intangibles	119.5	(95.9)	23.6
Total	\$ 170.8	\$ (126.0)	\$ 44.8

The intangible assets are being amortized using the following amortizable lives: 5 to 8 years for software, 4 years for trademarks and 7 to 12 years for customer relationships and other intangibles. The remaining weighted average depreciation period for software is 3.5 years. The remaining weighted average amortization period for trademarks, customer relationships and other intangibles is 6.3 years. Amortization of software is included within depreciation expense as the underlying assets are classified within property, plant and equipment.

Customer relationships, trademarks and other intangibles amortization expense was \$6.3 for the year ended December 31, 2012 and the related estimated expense for the five subsequent fiscal years is as follows:

For the year ended 2013	\$	5
For the year ended 2014		3
For the year ended 2015		2
For the year ended 2016		2
For the year ended 2017		2
Thereafter		5

Long-Lived Assets

The Company evaluates its property, plant and equipment when events or circumstances indicate a possible inability to recover their carrying amounts. During 2012, the Company committed to a plan to sell its Corporate office facilities in Cincinnati, Ohio. At December 31, 2012, the property met the "Held-for-Sale" criteria set forth in U.S. GAAP, resulting in classification of \$34.6 of property, plant and equipment as Held-for-Sale; the book value was adjusted to its fair value less costs to sell, resulting in an impairment charge of \$42.6 (\$27.0 after tax) recorded within the asset impairments caption in the accompanying Consolidated Statements of Income. Fair value was determined based on discounted cash flow analysis which contains significant unobservable inputs that fall within Level 3 of the fair value hierarchy under U.S. GAAP.

Restructuring

12 Months Ended
Dec. 31, 2012

[Restructuring Charges](#)

[\[Abstract\]](#)

[Restructuring](#)

Restructuring

2012 Restructuring

During 2012, the Company recorded restructuring charges of \$11.6, consisting of \$11.4 of severance-related charges and \$0.2 of facility-related charges, as described below. The \$11.4 of severance-related charges is expected to impact approximately 100 professional employees and reflects the changes in the Company's executive management team and realignment of Corporate overhead as a result of the sale of the Information Management business. These severance-related charges are expected to be substantially paid in cash by March 31, 2013 pursuant to the Company's severance policies. The total remaining liability under this severance-related restructuring plan, which is included within Payables and other current liabilities on the Company's Consolidated Balance Sheets was \$5.2 as of December 31, 2012.

2011 Restructuring

During 2011, the Company initiated operational changes that resulted in severance costs of \$1.2 largely to reduce headcount and align resources to future business needs. These severance actions impacted approximately 50 professional employees worldwide and charges were largely paid in cash pursuant to the Company's existing severance policy and employment agreements. These actions were substantially completed by the end of 2011. The liability under this plan was fully settled at December 31, 2012.

2010 Restructuring

During 2010, the Company initiated a restructuring plan and incurred a total charge of \$28.7 consisting of \$19.4 of severance-related charges and \$9.3 of facility-related charges. The \$19.4 of severance-related charges were largely to reduce headcount and align resources to business needs and to further simplify operations to reflect the impact of the sale of the HR Management line of business. The severance charge of \$19.4 was largely paid in cash pursuant to the Company's existing severance policy and employment agreements. These actions affected approximately 1,000 professional employees and approximately 1,400 non-salaried employees worldwide and were substantially completed by the end of 2011. The facility-related charge of \$9.3 relates to lease rent accruals and penalties for properties that have closed as the result of consolidating facilities and shifting capacity. The charge is equal to the future costs associated with the facility, net of proceeds from any probable future sublease agreements. The fair value measurement utilized internal discounted cash flows, which is a Level 3 input. The Company used estimates, based on consultation with the Company's real estate advisors, to determine the proceeds from any future sublease agreements. The Company will continue to evaluate these estimates in recording the facilities abandonment charge. Consequently, there may be additional reversals or charges relating to these facility closures in the future. Therefore, facility-related reserves are maintained on a facility basis rather than a restructuring charge event basis. The severance liability under this plan was fully settled at December 31, 2012.

Facilities Restructuring

During 2012, the Company recognized \$0.2 of incremental facility-related restructuring charges due to a change in estimate for a previously closed facility. The Company's facilities restructuring reserves are equal to the estimated future costs associated with the facilities, net of proceeds from any probable future sublease agreements. The Company uses estimates, based on consultation with the Company's real estate advisers, to determine the proceeds from any future sublease agreements. The Company continues to evaluate these estimates in recording the facilities abandonment charge. Restructuring liability for the facilities plans, the balance of which is included in Payables and other

current liabilities on the Company's Consolidated Balance Sheets, consisted of the following:

	2012	2011	2010
Balance at January 1	\$ 0.5	\$ 4.9	\$ 1.2
Facility charge	0.2	—	9.3
Facility payment	(0.4)	(4.4)	(5.6)
Balance at December 31	\$ 0.3	\$ 0.5	\$ 4.9

Restructuring (2010 Restructuring) (Details) (USD \$) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Restructuring charges Restructuring Plan for 2010 [Member]	\$ 11.6	\$ 1.2	\$ 28.7
Restructuring charges			28.7
Severance Costs			19.4
Other Restructuring Costs			9.3
Professional Employees [Member] Restructuring Plan for 2010 [Member]			
Employees affected			1,000
Non-Salaried Employees [Member] Restructuring Plan for 2010 [Member]			
Employees affected			1,400
Facility Charge [Member]			
Other Restructuring Costs	\$ 0.2	\$ 0	\$ 9.3

Quarterly Financial Information (Unaudited) (Details) (USD \$) In Millions, except Per Share data, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010

**Quarterly Financial
Information Disclosure
[Abstract]**

<u>Revenues</u>	\$ 508.8	\$ 507.6	\$ 491.1	\$ 497.5	\$ 500.5	\$ 493.3	\$ 474.6	\$ 464.8	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3
<u>Operating income (loss)</u>	31.0	39.1	(60.5)	29.0	30.9 ^[1]	28.1	26.4	24.7	38.6	110.1	(153.9)
<u>Net income (loss) from continuing operations</u>	30.2	30.3	(53.7)	21.4	39.3 ^[1]	191.3	24.0	27.9	28.2	282.5	(109.8)
<u>Net income (loss) from discontinued operations</u>	1.8	(2.4)	68.3	4.7	15.2	22.4	7.7	7.0	72.4	52.3	
<u>Net (loss) income</u>	\$ 32.0	\$ 27.9	\$ 14.6	\$ 26.1	\$ 54.5 ^[1]	\$ 213.7	\$ 31.7	\$ 34.9	\$ 100.6	\$ 334.8	\$ (53.2)
<u>Basic earnings (loss) per share:</u>											
<u>Continuing operations</u>	\$ 0.28	\$ 0.27	\$ (0.47)	\$ 0.19	\$ 0.33	\$ 1.59	\$ 0.20	\$ 0.23	\$ 0.25	\$ 2.35	\$ (0.89)
<u>Discontinued operations</u>	\$ 0.02	\$ (0.02)	\$ 0.60	\$ 0.04	\$ 0.13	\$ 0.19	\$ 0.06	\$ 0.06	\$ 0.65	\$ 0.44	\$ 0.46
<u>Net basic earnings (loss) per common share</u>	\$ 0.30	\$ 0.25	\$ 0.13	\$ 0.23	\$ 0.46	\$ 1.78	\$ 0.26	\$ 0.29	\$ 0.90	\$ 2.79	\$ (0.43)
<u>Diluted earnings (loss) per share</u>											
<u>Continuing operations</u>	\$ 0.27	\$ 0.26	\$ (0.47)	\$ 0.18	\$ 0.33	\$ 1.57	\$ 0.19	\$ 0.22	\$ 0.24	\$ 2.30	\$ (0.89)
<u>Discontinued operations</u>	\$ 0.02	\$ (0.02)	\$ 0.60	\$ 0.04	\$ 0.12	\$ 0.18	\$ 0.07	\$ 0.06	\$ 0.62	\$ 0.42	\$ 0.46
<u>Net basic earnings (loss) per common share</u>	\$ 0.29	\$ 0.24	\$ 0.13	\$ 0.22	\$ 0.45	\$ 1.75	\$ 0.26	\$ 0.28	\$ 0.86	\$ 2.72	\$ (0.43)

[1] (a) Includes asset impairment charge of \$88.6.

Employee Benefit Plans
(Narrative) (Details) (USD \$)
In Millions, unless otherwise
specified

	12 Months Ended			
	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
	2013	2012	2011	2010
Accumulated other comprehensive income (loss), net of tax		\$ (58.3)	\$ (59.3)	
Future funding requirements		0.2		
Defined matching contribution plan		100.00%	100.00%	
Eligible employee contributions			3.00%	5.00%
Contributions to defined contribution plan	6.7	9.5		15.1
Number of Company's common shares included in savings plan assets	1.5	2.0		
Value of Company's common shares included in plan assets	25.3	26.0		
Fair value of plan assets for postretirement health	171.7	140.4		
Pension Plans, Defined Benefit [Member]				
Settlement (gain) loss recognized during the period	6.8	0		6.8
Pension cost (benefit)	27.5	12.1		15.8
Accumulated other comprehensive income (loss)	(102.4)	(114.1)		
Accumulated other comprehensive income (loss), net of tax	(63.9)	(71.2)		
Accuarial loss included in accumulated other comprehensive loss	(13.0)			
Accumulated benefit obligation	265.5	252.5		224.3
Curtailment (benefit) loss recognized during the period	(0.2)	0		0
Employer contribution	33.3	20.8		
Fair value of plan assets for postretirement health	171.7	140.4		134.1
United States Pension Plans of US Entity, Defined Benefit [Member]				
Employer contribution	31.4	19.7		
Common shares included in cash balance plan	4.7	3.7		
Assets expected to be returned to the Company during 2012	0			
Defined Benefit Plan, Contributions by Employer to Fund Next Fiscal Year	20.0			
Other Pension Plans, Defined Benefit [Member]				
Settlement (gain) loss recognized during the period	(0.2)	0		1.4
Pension cost (benefit)	0.7	(0.5)		6.0
Accumulated other comprehensive income (loss)	2.3	4.1		
Accuarial loss included in accumulated other comprehensive loss	0.3			
Accumulated benefit obligation	21.1	24.6		33.2
Curtailment (benefit) loss recognized during the period	0.1	(2.4)		1.8
Employer contribution	6.1			
Unrecognized prior service credits		0.3		
Unrecognized prior service credits, net of tax		0.2		
Unrecognized actuarial gain	2.3	3.8		
Unrecognized actuarial gain, net of tax	1.4	2.4		
Accumulated benefit obligation	21.1	24.6		
Other Pension Plans, Postretirement or Supplemental Plans, Defined Benefit [Member]				
Pension cost (benefit)	(9.5)	(3.4)		0.5

Accumulated other comprehensive income (loss)	6.6	(14.9)	
Accumulated other comprehensive income (loss), net of tax	(6.6)	(14.9)	
Accumulated benefit obligation	6.9	8.6	27.1
Curtailment (benefit) loss recognized during the period	(3.8)	0	0
Employer contribution	(0.5)	0.7	
Expected employer contributions during the next fiscal year	0.3		
Decrease in accumulated benefit obligation due to plan amendments		20	
Fair value of plan assets for postretirement health	6.0	7.0	7.2
Assets expected to be returned to the Company during 2012	0		
Segment, Discontinued Operations [Member] Pension Plans, Defined Benefit [Member]			
Pension cost (benefit)	1.6	3.0	1.6
Senior Executive One [Member] Other Pension Plans, Defined Benefit [Member]			
Curtailment (benefit) loss recognized during the period		(1.5)	
Chief Executive Officer [Member] Other Pension Plans, Defined Benefit [Member]			
Curtailment (benefit) loss recognized during the period		(2.2)	
Senior Executive Two [Member] Other Pension Plans, Defined Benefit [Member]			
Curtailment (benefit) loss recognized during the period		(0.4)	
Frozen Executive Deferred Compensation Plan [Member] Other Pension Plans, Defined Benefit [Member]			
Curtailment (benefit) loss recognized during the period		(0.9)	
Fixed Income Funds [Member] United States Pension Plans of US Entity, Defined Benefit [Member]			
Defined Benefit Plan, Actual Plan Asset Allocations	38.00%		
Defined Benefit Plan, Target Plan Asset Allocations	33.00%		
Equity Funds [Member]			
Fair value of plan assets for postretirement health	\$ 4.3	\$ 3.9	
Equity Funds [Member] United States Pension Plans of US Entity, Defined Benefit [Member]			
Defined Benefit Plan, Actual Plan Asset Allocations	62.00%		
Defined Benefit Plan, Target Plan Asset Allocations	67.00%		

Restructuring (2011 Restructuring) (Details) (USD \$) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
<u>Restructuring Reserve [Roll Forward]</u>			
<u>Restructuring charges</u>	\$ 11.6	\$ 1.2	\$ 28.7
2011 Restructuring Plan [Member]			
<u>Severance Costs</u>		1.2	
<u>Employees affected</u>		50	
Facility Charge [Member]			
<u>Restructuring Reserve [Roll Forward]</u>			
<u>Restructuring liability, beginning balance</u>	0.5	4.9	1.2
<u>Restructuring liability payment</u>	(0.4)	(4.4)	(5.6)
<u>Restructuring liability, ending balance</u>	\$ 0.3	\$ 0.5	\$ 4.9

**Employee Benefit Plans
(Tables)**

[Schedule of Net Funded Status](#)

**12 Months Ended
Dec. 31, 2012**

The reconciliation of the defined benefit plans' projected benefit obligation and the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 252.5	\$ 224.3
Service costs	3.7	2.8
Interest cost	11.6	12.0
Actuarial loss	22.2	28.9
Curtailement (gain) loss	(3.8)	—
Benefits paid	(20.7)	(14.5)
Plan amendment	—	(1.0)
Benefit obligation at end of year	\$ 265.5	\$ 252.5
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 140.4	\$ 134.1
Actual return on plan assets	18.7	—
Employer contribution	33.3	20.8
Benefits paid	(20.7)	(14.5)
Fair value of plan assets at end of year	\$ 171.7	\$ 140.4
Funded status	\$ (93.8)	\$ (112.0)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Non-current liability	\$ 93.8	\$ 112.0
Accumulated other comprehensive income (loss)	\$ (102.4)	\$ (114.1)

[Schedule of Effect of Significant Unobservable Inputs, Changes in Plan Assets](#)

The following table provides a reconciliation of the beginning and ending balances for the Level 3 assets:

	Year Ended December 31	
	2012	2011
Balance, beginning of year	3.9	3.4
Unrealized gains relating to instruments still held at the reporting date	0.4	0.4
Purchases	—	0.1
Balance, end of year	\$ 4.3	\$ 3.9

[Schedule of Assumptions Used](#)

The following weighted-average rates were used in determining the benefit obligations at December 31:

	2012	2011
Discount rate—projected benefit obligation	3.00% - 6.20%	4.25% - 7.80%
Future compensation growth rate	4.00% - 4.50%	4.00% - 5.50%
Expected long-term rate of return on plan assets	7.50% - 8.00%	7.50% - 8.00%

The following weighted-average rates were used in determining the pension cost for all years ended December 31:

	2012	2011	2010
Discount rate—projected benefit obligation	4.25% - 6.20%	5.20% - 7.80%	5.50% - 6.00%

Future compensation growth rate	4.00% - 4.50%	4.00% - 5.50%	4.00% - 5.00%
Expected long-term rate of return on plan assets	7.50% - 8.00%	7.50%	8.00% 8%

[Schedule of Allocation of Plan Assets](#)

The following table sets forth by level, within the fair value hierarchy, the cash balance plan's assets at fair value as of December 31, 2012 and 2011:

Investments	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common/Collective trusts	\$ 162.7	\$ —	\$ 162.7	\$ —
Convergys common stock	4.7	4.7	—	—
Equity fund	4.3	—	—	4.3
Total investments	\$ 171.7	\$ 4.7	\$ 162.7	\$ 4.3

Investments	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common/Collective trusts	\$ 132.8	\$ —	\$ 132.8	\$ —
Convergys common stock	3.7	3.7	—	—
Equity fund	3.9	—	—	3.9
Total investments	\$ 140.4	\$ 3.7	\$ 132.8	\$ 3.9

Pension Plans, Defined Benefit [Member]

[Schedule of Net Benefit Costs](#)
[Table Text Block]

Components of pension cost and other amounts recognized in other comprehensive income (loss) for the defined benefit plans are as follows:

	Year Ended December 31,		
	2012	2011	2010
Service cost	\$ 3.7	\$ 2.8	\$ 2.6
Interest cost on projected benefit obligation	11.6	12.0	12.1
Expected return on plan assets	(11.6)	(11.4)	(12.3)
Amortization and deferrals—net	17.2	8.7	6.6
Curtailment benefit	(0.2)	—	—
Settlement charge	6.8	—	6.8
Total pension cost	\$ 27.5	\$ 12.1	\$ 15.8
Other comprehensive income (loss)	\$ (11.8)	\$ (29.5)	\$ (1.3)

[Schedule of Expected Benefit Payments](#)

Estimated future benefit payments from the defined benefit plans are as follows:

2013	\$ 39.0
2014	12.3
2015	13.4
2016	14.3
2017	15.7
2018 - 2022	85.3
Total	\$ 180.0

Other Pension Plans, Defined Benefit [Member]

[Schedule of Net Benefit Costs](#)
[\[Table Text Block\]](#)

Components of pension cost and other amounts recognized in other comprehensive income (loss) for the unfunded executive pension plans are as follows:

	Year Ended December 31,		
	2012	2011	2010
Service cost	\$ —	\$ 0.7	\$ 0.9
Interest cost on projected benefit obligation	1.0	1.3	2.0
Amortization and deferrals—net	(0.2)	(0.1)	(0.1)
Curtailement (benefit) loss, net	0.1	(2.4)	1.8
Settlement (gain) loss	(0.2)	—	1.4
Total pension (benefit) cost	\$ 0.7	\$ (0.5)	\$ 6.0
Other comprehensive income (loss)	\$ 1.9	\$ 1.3	\$ (3.1)

[Schedule of Expected Benefit Payments](#)

Estimated future benefit payments from the unfunded executive plans are as follows:

2013	\$ 8.8
2014	2.0
2015	1.6
2016	1.3
2017	0.6
2018 - 2022	3.2
Total	\$ 17.5

[Schedule of Changes in Projected Benefit Obligations](#)

The reconciliation of the unfunded executive pension plans' projected benefit obligation for the years ended December 31, 2012 and 2011 is as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 24.6	\$ 33.2
Service cost	—	0.7
Interest cost	1.0	1.3
Actuarial loss (gain)	1.1	(1.9)
Curtailement loss (benefit)	0.5	(2.5)
Benefits paid	(6.1)	(6.2)
Benefit obligation at end of year	\$ 21.1	\$ 24.6
Funded status	\$ (21.1)	\$ (24.6)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Current liability	\$ 8.8	\$ 6.2
Non-current liability	12.3	18.4
Accumulated other comprehensive income (loss)	\$ 2.3	\$ 4.1

Other Pension Plans, Postretirement or Supplemental Plans, Defined Benefit [Member]

[Schedule of Net Benefit Costs](#)
[\[Table Text Block\]](#)

Components of other post-employment benefit plan cost and other amounts recognized in other comprehensive income (loss) for the postretirement health and life insurance plans are as follows:

	2012	2011	2010
Service cost	\$ —	\$ 0.2	\$ 0.4
Interest cost on projected benefit obligation	0.3	0.9	1.4

Expected return on plan assets	(0.5)	(0.5)	(0.6)
Amortization and deferrals—net	(5.5)	(4.0)	(0.7)
Curtailment benefit	(3.8)	—	—
Total other post-employment benefit plan (benefit) cost	\$ (9.5)	\$ (3.4)	\$ 0.5
Other comprehensive income (loss)	\$ (8.3)	\$ 14.1	\$ (2.0)

[Schedule of Net Funded Status](#)

The reconciliation of the postretirement health and life insurance plan's projected benefit obligation and the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	At December 31,	
	2012	2011
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 8.6	\$ 27.1
Service cost	—	0.2
Interest cost	0.3	0.9
Plan amendment	—	(16.8)
Actuarial (gain) loss	(0.8)	(1.8)
Curtailment	(0.6)	—
Part D subsidy	—	0.1
Benefits paid	(0.6)	(1.1)
Benefit obligation at end of year	\$ 6.9	\$ 8.6
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 7.0	\$ 7.2
Actual return on plan assets	0.1	0.2
Employer contribution	(0.5)	0.7
Benefits paid	(0.6)	(1.1)
Fair value of plan assets at end of year	\$ 6.0	\$ 7.0
Funded status	\$ (0.9)	\$ (1.6)
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Non-current assets	\$ 1.8	\$ 3.3
Current liability	0.3	0.5
Non-current liability	2.4	4.4
Accumulated other comprehensive income (loss)	\$ (6.6)	\$ 14.9

[Schedule of Expected Benefit Payments](#)

Estimated future benefit payments from the postretirement health and life plan are as follows:

2013	\$ 0.5
2014	0.4
2015	0.5
2016	0.5
2017	0.5
2018 - 2022	2.5
Total	\$ 4.9

Investment In Cellular Partnership (Schedule Of Net Income Assets And Liabilities Of Cincinnati SMSA Limited Partnership) (Details) (USD \$)	3 Months Ended			12 Months Ended			6 Months Ended	12 Months Ended						
	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Jun. 30, 2012	Dec. 31, 2011	Dec. 31, 2010
In Millions, unless otherwise specified	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]	Cincinnati SMSA Limited Partnership [Member]
Revenues	\$ 508.8	\$ 507.6	\$ 491.1	\$ 497.5	\$ 500.5	\$ 493.3	\$ 474.6	\$ 464.8	\$ 2,005.0	\$ 1,933.2	\$ 1,863.3	\$ 0	\$ 359.8	\$ 653.5
Income from operations	31.0	39.1	(60.5)	29.0	30.9	[1] 28.1	26.4	24.7	38.6	110.1	(153.9)	0	61.2	124.1
Net income	32.0	27.9	14.6	26.1	54.5	[1] 213.7	31.7	34.9	100.6	334.8	(53.2)	0	60.8	120.9
Current assets	1,100.6				951.1				1,100.6	951.1				
Current liabilities	\$ 286.5				\$ 372.2				\$ 286.5	\$ 372.2				

[1] (a) Includes asset impairment charge of \$88.6.

Fair Value Disclosures

12 Months Ended
Dec. 31, 2012

[Fair Value Disclosures](#)

[\[Abstract\]](#)

[Fair Value Disclosures](#)

Fair Value Disclosures

U.S. GAAP defines a hierarchy which prioritizes the inputs in measuring fair value. The three levels of the fair value hierarchy 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's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

At December 31, 2012 and 2011, the Company had foreign currency forward contracts measured at fair value. The fair values of these instruments were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts. The derivative assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011 were as follows:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 28.0	\$ —	\$ 28.0	\$ —
Foreign currency forward contracts (liability position)	\$ 9.6	\$ —	\$ 9.6	\$ —
	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 16.9	\$ —	\$ 16.9	\$ —
Foreign currency forward contracts (liability position)	\$ 19.3	\$ —	\$ 19.3	\$ —

The Company also had investment securities held in a grantor trust for the benefit of participants of the executive deferred compensation plan measured at fair value at December 31, 2012 and December 31, 2011. The fair value of these instruments was measured using the quoted prices in active markets for identical assets (Level 1). The assets measured at fair value on a recurring basis as of December 31, 2012 and December 31, 2011 were as follows:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 13.3	\$ 13.3	\$ —	\$ —
Convergys common stock	4.9	4.9	—	—
Money market accounts	1.3	1.3	—	—
Total	\$ 19.5	\$ 19.5	\$ —	\$ —
	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 15.9	\$ 15.9	\$ —	\$ —
Convergys common stock	5.1	5.1	—	—
Money market accounts	1.7	1.7	—	—

Total	\$	22.7	\$	22.7	\$	—	\$	—
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The valuation technique used to measure the fair value of cash time deposits was based on quoted market prices or model driven valuations using significant inputs derived from or corroborated by observable market data. The assets measured at fair value on a recurring basis as of December 31, 2012 were as follows:

	December 31, 2012		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term Investments:					
Cash time deposits	\$	64.3	\$	—	\$ 64.3
Total	\$	64.3	\$	—	\$ 64.3

Fair values of cash equivalents 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.

Schedule II - Valuation and
Qualifying Accounts

12 Months Ended
Dec. 31, 2012

[Valuation and Qualifying
Accounts \[Abstract\]](#)

[Schedule of Valuation and
Qualifying Accounts Disclosure](#)

[\[Text Block\]](#)

CONVERGYS CORPORATION
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Millions of Dollars)

COL. A	COL. B	COL. C		COL. D	COL. E
Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		(1) Charged to Expense	(2) Charged to Other Accounts		
Year 2012					
Allowance for Doubtful Accounts	\$ 9.3	\$ 11.9	\$ —	\$ 15.3 ^[a]	\$ 5.9
Deferred Tax Asset Valuation Allowance	\$ 21.3	\$ 4.2 ^[b]	\$ —	\$ 5.8 ^[c]	\$ 19.7
Year 2011					
Allowance for Doubtful Accounts	\$ 8.4	\$ 13.4	\$ (0.2)	\$ 12.3 ^[a]	\$ 9.3
Deferred Tax Asset Valuation Allowance	\$ 20.7	\$ 2.6 ^[b]	\$ —	\$ 2.0 ^[d]	\$ 21.3
Year 2010					
Allowance for Doubtful Accounts	\$ 10.5	\$ 10.1	\$ —	\$ 12.2 ^[a]	\$ 8.4
Deferred Tax Asset Valuation Allowance	\$ 20.8	\$ 3.7 ^[b]	\$ —	\$ 3.8 ^[e]	\$ 20.7

[a] Primarily includes amounts written-off as uncollectible.

[b] Amounts relate to valuation allowances recorded for state operating loss carryforwards, foreign operating loss carryforwards and capital loss carryforwards.

[c] Primarily includes the release of foreign valuation allowances related to the utilization of foreign net operating losses in the current year and adjustment of valuation related to state tax credits.

[d] Primarily includes the release of state valuation allowances related to the utilization of state net operating losses in the current year and adjustment of valuation related to state tax credits.

[e] Primarily includes the release of state valuation allowances related to the utilization of state net operating losses in the current year, adjustment of valuation related to state tax credits and capital loss carryforwards.

Earnings (Loss) Per Share and Shareholder's Equity (Narrative) (Details) (USD \$) In Millions, except Per Share data, unless otherwise specified	2	3 Months Ended				12 Months Ended			
	Months Ended Feb. 21, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Repurchase of shares	0.8					12.3	7.7	2.4	
Repurchase of Common Shares	\$ 14.0					\$ 184.4	\$ 96.8	\$ 24.9	
Repurchase of shares, average price per share	\$ 16.51					\$ 15.04			
Stock repurchased but not settled in cash						3.6			
Stock Repurchase Program, Remaining Authorized Repurchase Amount						250.0			
Stock Repurchase Program, Authorized Amount							139.4		
Preferred Stock, Shares Authorized			5.0				5.0	5.0	
Preferred Stock, With Voting Rights			4.0				4.0		
Preferred shares - without par value, outstanding			0				0	0	
Common Stock, Dividends, Per Share, Declared		\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.05		\$ 0.15	\$ 0.00	\$ 0.00
Stock Options [Member]									
Antidilutive securities excluded from diluted EPS							1.0	3.7	5.8
Restricted Stock Units (RSUs) [Member]									
Antidilutive securities excluded from diluted EPS									2.2
Convertible Debt Securities [Member]									
Antidilutive securities excluded from diluted EPS									0.2
5.75% Junior Subordinated Convertible Debentures [Member]									
Aggregate principal amount convertible debentures									\$ 125.0
Interest rate on unsecured senior notes									5.75%
Maturity date									Sep. 15, 2029
Junior subordinated convertible debentures convertible conversion price									\$ 12.07
Junior subordinated convertible debentures convertible equity instruments in conversion									82.82
Debt Instrument, Convertible, Terms of Conversion Feature									1000

Junior Subordinated Convertible Debentures

[Member]

Maturity date

Sep.
15,
2029

**Industry Segments and
Geographic Operations
(Tables)**

**12 Months Ended
Dec. 31, 2012**

[Segment Reporting Information \[Line Items\]](#)

[Schedule of Disclosure on Geographic Areas, Long-Lived Assets
in Individual Foreign Countries by Country \[Table Text Block\]](#)

	At December 31,	
	2012	2011
Long-lived Assets:		
North America	\$ 849.3	\$ 957.4
Rest of World	88.0	102.6
Held for Sale	—	319.7
	\$ 937.3	\$1,379.7

[Schedule of Revenue from External Customers Attributed to
Foreign Countries by Geographic Area](#)

The following table presents certain geographic information regarding the Company's operations:

	Year Ended December 31,		
	2012	2011	2010
Revenues:			
North America	\$1,836.4	\$1,790.1	\$1,716.3
Rest of World	168.6	143.1	147.0
	\$2,005.0	\$1,933.2	\$1,863.3

**Consolidated Balance Sheets
(Parenthetical) (USD \$)**

**In Millions, except Per Share
data, unless otherwise
specified**

Dec. 31, 2012 Dec. 31, 2011

Statement of Financial Position [Abstract]

<u>Allowance for doubtful accounts</u>	\$ 5.9	\$ 9.3
<u>Preferred shares - par value</u>	\$ 0	\$ 0
<u>Preferred shares - without par value, authorized</u>	5.0	5.0
<u>Preferred shares - without par value, outstanding</u>	0	0
<u>Common shares - par value</u>	\$ 0	\$ 0
<u>Common shares - without par value, authorized</u>	500.0	500.0
<u>Common shares - without par value, issued</u>	187.5	185.0
<u>Common shares - without par value, outstanding</u>	105.9	115.4
<u>Treasury stock - shares</u>	81.6	69.6

[Accounting Policies](#)

[\[Abstract\]](#)

[Significant Accounting Policies \[Text Block\]](#)

Accounting Policies

Consolidation — The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and U.S. Securities and Exchange Commission regulations. The Consolidated Financial Statements include the accounts of the Company's majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated upon consolidation.

Reclassification — Certain balances in prior years have been reclassified to conform to current year presentation.

Use of Estimates — The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. These estimates include project completion dates, time and cost required to complete projects for purposes of revenue recognition and future revenue, expense and cash flow estimates for purposes of impairment analysis and loss contract evaluation. Actual results could differ from those estimates. The Company's results are affected by economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies, can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

Foreign Currency — Assets and liabilities of foreign operations are translated to U.S. dollars at year-end exchange rates. Revenues and expenses are translated at average exchange rates for the year. Translation adjustments are accumulated and reflected as adjustments to comprehensive income (loss), a component of Shareholders' Equity, and included in net earnings only upon sale or liquidation of the underlying foreign subsidiary. Gains or losses resulting from foreign exchange transactions related to balance sheet positions are recorded in the Consolidated Statements of Income within other income (expense), net.

Revenue Recognition — Revenues mostly consist of fees generated from outsourced services provided to the Company's clients. Approximately 90% of the Company's revenues are derived from agent-related services. The Company typically recognizes these revenues as services are performed based on staffing hours or the number of contacts handled by service agents using contractual rates. The remaining revenues are derived from the sale of premise-based and hosted automated self-care and technology solutions and provision of professional services. Revenues from the sale of these solutions and provision of services are typically recognized as services are provided over the duration of the contract using contractual rates.

Revenues are recognized only when the services are performed, there is evidence of an arrangement, the Company determines that the fee is fixed and determinable and collection of the fee included in the arrangement is considered probable. When determining whether the fee is considered fixed and determinable and collection is probable, the Company considers a number of factors including the creditworthiness of the client and the contractual payment terms. If a client is not considered creditworthy, all revenue under arrangements with that client is recognized upon receipt of cash. If payment terms extend beyond what is considered customary or standard in the related industry and geographic location, the related fees are considered extended and deferred until they become due and payable.

The Company considers the criteria established primarily by Accounting Standards Codification (ASC) Topic 605-45, "Principal Agent Considerations," (ASC 605-45) in determining whether revenue should be recognized on a gross versus a net basis. Factors considered in determining if gross or net basis recognition is appropriate include whether the Company is primarily responsible to the client for the services, has discretion on vendor selection, or bears credit risk. The Company provides certain services to clients using third party vendors. Typically, the costs incurred with third party vendors related to these services are passed through to the clients. In consideration of the above mentioned criteria, total payments the Company receives from clients related to these services are recorded as revenue and payments the Company makes to third party vendors are recorded as cost of providing services and products sold.

The Company sometimes earns supplemental revenues depending on the satisfaction of certain service levels or achievement of certain performance measurement targets. The supplemental revenues are recognized only after required measurement targets are met.

The Company recognizes revenues from transition services provided to the buyer of the Information Management business as such services are performed.

Stock Compensation — The Company accounts for stock-based payment transactions in which the Company receives employee services in exchange for equity instruments of the Company. Stock-based compensation cost for restricted stock awards and restricted stock units and performance restricted stock units is measured based on the closing fair market value of the Company's common stock on the date of grant. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Black-Scholes option-pricing model. Stock-based compensation cost for restricted stock units with a market condition is estimated using a Monte Carlo simulation model. The Company recognizes stock-based compensation cost as expense for awards other than its performance-based restricted stock units ratably on a straight-line basis over the requisite service period. The Company recognizes stock-based compensation cost associated with its performance based restricted stock units over the requisite service period if it is probable that the performance conditions will be satisfied. Compensation costs for awards with a market condition are recognized regardless of whether the market condition is achieved. The Company will recognize a benefit from stock-based compensation in equity if an incremental tax benefit is realized by following the ordering provisions of the tax law. Tax benefits related to stock compensation expense are reported as financing cash flow and tax expenses are reported as operating cash flow. Further, the Company applies an estimated forfeiture rate to unvested awards when computing the stock compensation-related expenses.

Income Taxes — The provision for income taxes includes taxes paid, currently payable or receivable, and those deferred. Under U.S. GAAP, the Company recognizes deferred tax assets and liabilities based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be settled or realized.

The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical pre-tax and taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Projected future taxable income is based on expected results and assumptions as to the jurisdiction in which the income will be earned. The expected timing of the reversals of existing temporary differences is based on current tax law and the Company's tax methods of accounting.

The Company also reviews its tax activities and evaluates uncertain tax positions using a two-step approach. The first step is to evaluate the tax position for recognition by

determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit, which is the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense.

Other Comprehensive Income (Loss) — Components of other comprehensive income (loss) include currency translation adjustments, changes related to pension liabilities, net of tax, and unrealized gains (losses) on hedging activities, net of tax. Foreign currency translation adjustments generally are not adjusted for income taxes as they relate to indefinite investments in non-U.S. operations. Accumulated other comprehensive income (loss) also includes, net of tax, actuarial gains or losses, prior service costs or credits and transition assets and obligations that are not recognized currently as components of net periodic pension cost.

Concentration of Credit Risk — In the normal course of business, the Company is exposed to credit risk. The principal concentrations of credit risk are cash and cash equivalents, short-term investments, accounts receivable and derivative instruments. The Company regularly monitors credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in a loss. Historically, credit losses on accounts receivable have not been material because of the large concentration of revenues with a small number of large, established companies. The Company does not require collateral or other security to support accounts receivable. The Company evaluates the creditworthiness of its clients in conjunction with its revenue recognition processes, as discussed above, as well as through its ongoing collectability assessment processes for accounts receivable. The Company maintains an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific clients, historical trends and other information. The Company limits its counterparty credit risk exposures by entering into derivative contracts with significant financial institutions that are investment grade rated.

Cash Equivalents — Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Receivables — Trade receivables are comprised primarily of amounts owed to the Company by clients and are presented net of an allowance for doubtful accounts of \$5.9 and \$9.3 at December 31, 2012 and 2011, respectively. Contracts with individual clients determine when receivables are due, generally within 30-60 days, and whether interest is accrued on late payments.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company regularly reviews the adequacy of its allowance for doubtful accounts. The Company determines the allowance based on historical write-off experience and current economic conditions and also considers factors such as customer credit, past transaction history with the customer and changes in customer payment terms when determining whether the collection of a receivable is reasonably assured. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment — Property and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over a 30-year life, software over a three- to eight-year life and equipment generally over a three- to five-year life. Leasehold improvements are depreciated over the shorter of their estimated useful life or the remaining term of the associated lease.

The Company reviews property, plant and equipment asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company monitors these changes and events on at least

a quarterly basis. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset group, or a current expectation that an asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the property, plant and equipment asset groups, as well as specific appraisals in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other property, plant and equipment asset groups. If the future undiscounted cash flows result in a value that is less than the carrying value, then the long-lived asset is considered impaired and a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair value. Various factors that the Company uses in determining the impact of these assessments include the expected useful lives of long-lived assets and our ability to realize any undiscounted cash flows in excess of the carrying amounts of such asset groups, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Because judgment is involved in determining the fair value of property, plant and equipment asset groups, there is risk that the carrying value of these assets may require adjustment in future periods.

Software Development Costs — Research and development expenditures are charged to expense as incurred. The development costs of software to be marketed are charged to expense until technological feasibility is established and capitalized thereafter, subject to assessment of realizability. Amortization of the capitalized amounts is computed using the greater of the sales ratio method or the straight-line method over a life of five years or less. The Company did not capitalize any software development costs during the periods reported.

Internal Use Software — The Company capitalizes certain expenditures for software that is purchased or internally developed for use in the business. During 2012, 2011, and 2010, internally developed software amounts capitalized were \$6.8, \$3.8 and \$5.6, respectively. Amortization of internal use software begins when the software is ready for service and continues on the straight-line method generally over a life of three years.

Goodwill and Other Intangibles — As discussed more fully in Note 6, goodwill is reviewed at the reporting unit level for impairment as of October 1 each year and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable.

As a result of the adoption of Accounting Standards Update ("ASU") No. 2011-08 "Testing goodwill for impairment," effective January 1, 2012, we first assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategies and financial performance, when evaluating potential for impairment of goodwill. If, after completing such assessment, it is determined more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a two-step impairment test.

The first step compares the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit (Step 1). If the fair value of the reporting unit is in excess of the carrying value, the related goodwill is considered not to be impaired and no further analysis is necessary. If the carrying amount of the reporting unit exceeds the fair value, there is an indication of potential impairment and a second step of testing is performed to measure the amount of the impairment, if any, for that reporting unit.

When required, the second step compares the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill. The implied fair value

of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. Any excess of the carrying value of the reporting unit goodwill over the implied fair value of the reporting unit goodwill will be recorded as an impairment loss. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

Fair value of the reporting unit is determined using a combination of the market approach and the income approach. Under the market approach, fair value is based on actual stock prices or transaction prices of comparable companies. The market approach requires significant judgment regarding the selection of comparable companies. Under the income approach, value is dependent on the present value of net cash flows to be derived from the ownership. The income approach requires significant judgment including estimates about future cash flows and discount rates. A combination of methodologies is used and weighted appropriately for reporting units with significant adverse changes in business climate.

Other intangibles, primarily customer relationship assets and trademarks, are amortized over a straight-line basis with lives ranging from four to twelve years and are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts.

Postemployment Benefits — The funded status of the Company's pension and other postretirement benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at December 31, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (PBO) and for the other postretirement benefit plans the benefit obligation is the accumulated postretirement benefit obligation (APBO). The PBO represents the actuarial present value of benefits expected to be paid upon retirement. For active plans, the present value reflects estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. The measurement of the benefit obligation is based on the Company's estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates and mortality rates. For additional information regarding plan assumptions and the current financial position of the pension and other postretirement plans, see Note 9.

The Company provides severance benefits to certain employees. The Company accrues the benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

Government Grants — From time to time, the Company receives grants from local or state governments as an incentive to locate or retain operations in their jurisdictions. Depending on the arrangement, the grants are either received up-front or at the time the Company achieves the milestones set forth in the grant. The Company's policy is to record the grant funds received as deferred credit and to amortize the deferred credit as a reduction of cost of providing services and products sold or selling, general and administrative expense as the milestones are met over the term of the grant. The terms of the grants range from one to fifteen years.

Derivative Instruments — 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 currently uses only cash flow hedges. These instruments are hedges of forecasted transactions or of the variability of cash flows to be received or paid related to a recognized asset or liability. The Company generally enters into forward exchange contracts expiring within 36 months as hedges of anticipated cash flows denominated in foreign currencies. 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 exchange rates. In using derivative financial instruments to hedge exposures to changes in exchange rates, the Company exposes itself to counterparty credit risk.

All derivatives, including foreign currency exchange contracts, are recognized in the Consolidated Balance Sheets at fair value. Fair values for the Company's derivative financial instruments are based on quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current assumptions. On the date the derivative contract is entered into, the Company determines whether the derivative contract should be designated as a hedge. For derivatives that are designated as hedges, the Company further designates the hedge as either a fair value or cash flow hedge; all currently existing hedges have been designated as cash flow hedges. Changes in the fair value of derivatives that are highly effective and designated as fair value hedges would be recorded in the Consolidated Statements of Income along with the loss or gain on the hedged asset or liability. Changes in the fair value of derivatives that are highly effective and designated as cash flow hedges are reported as a component of Other Comprehensive Income (Loss) and reclassified into earnings in the same line-item associated with the forecasted transaction and in the same periods during which the hedged transaction impacts earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging activities. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to forecasted transactions, respectively. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

The Company also periodically enters into forward exchange contracts and options that are not designated as hedges. The purpose of the majority of these derivative instruments is to protect the Company against foreign currency exposure pertaining to receivables, payables and intercompany transactions that are denominated in currencies different from the functional currencies of the Company or the respective subsidiaries. The Company records changes in the fair value of these derivative instruments in the Consolidated Statements of Income within other income (expense), net.

Investments — Management determines the appropriate classification of securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Currently, we classify all investment securities, reported within short-term investments in the Consolidated Balance Sheets, as trading. Trading securities are carried at fair value, with gains and losses, both realized and unrealized, reported in other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading is included in other income (expense), net.

Fair Value Measurements —The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which

the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

New Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, "Intangibles - Goodwill and Other: Testing indefinite-lived intangible assets for impairment" (ASU 2012-02). The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The approach is similar to the guidance in ASU 2011-08 finalized last year for goodwill impairment testing. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and early adoption is permitted. The Company adopted ASU 2012-02 effective January 1, 2013 and does not expect this pronouncement to have a material effect on the consolidated financial statements.

In September 2011, the FASB, issued ASU No. 2011-08, "Intangibles - Goodwill and Other: Testing goodwill for impairment" (ASU 2011-08). This ASU simplifies the goodwill impairment assessment by permitting a company to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If the conclusion is that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the company would be required to conduct the current two-step goodwill impairment test. Otherwise, it would not need to apply the two-step test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and early adoption is permitted. The Company adopted ASU 2011-08 for its goodwill impairment test as of January 1, 2012, which did not have a material effect on the consolidated financial statements.

In May 2011, the FASB issued 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS" (ASU 2011-04). The adoption of ASU 2011-04 conforms the meaning of fair value between U.S. GAAP and International Financial Reporting Standards (IFRS) and improves consistency of disclosures relating to fair value. This ASU requires a reporting entity to provide quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy. The amendments in this update are effective for annual periods beginning after December 31, 2011. The Company adopted ASU 2011-04 effective for the year ended December 31, 2012.

Debt (Convertible Debentures) (Details) (USD \$)	Dec. 31, 2012	Dec. 31, 2011	12 Months Ended		12 Months Ended	
			Dec. 31, 2012 5.75% Junior Subordinated Convertible Debentures [Member]	Dec. 31, 2009 5.75% Junior Subordinated Convertible Debentures [Member]	Dec. 31, 2010 4.875% Unsecured Senior Notes [Member]	Dec. 31, 2009 4.875% Unsecured Senior Notes [Member]
Debt Instrument						
Aggregate principal amount convertible debentures			\$ 125,000,000			\$ 250,000,000
Debt Instrument, Interest Rate, Stated Percentage			5.75%			4.875%
Terms of exchange offer				1,020		1,000
Unsecured debt, principal amount of debt extinguished						122,500,000
Maturity date			Sep. 15, 2029			Dec. 15, 2009
Liability component of convertible debt recognized at issuance				56,300,000		
Fair value of convertible debt			206,800,000			
Deferred tax impact on convertible debt	136,500,000	101,000,000		32,700,000		
Junior subordinated convertible debentures convertible conversion price			\$ 12.07			
Junior subordinated convertible debentures convertible equity instruments in conversion			82.82			
Debt Instrument, Convertible, Terms of Conversion Feature			1000			
Percent Closing Price Must Be Of Conversion Price For Minimum 20 Days For Company To Redeem Convertible Debt			150.00%			
Percent Of Debt Converted To Equity			100.00%			
Contingent Interest Component, Maximum			0.75%			
Debt Instrument, Convertible, If-converted Value in Excess of Principal			\$ 171,500,000			

**Income Taxes Income Taxes -
Unrecognized Tax Benefits
(Details) (USD \$)
In Millions, unless otherwise
specified**

**12 Months Ended
Dec. 31, 2012 Dec. 31, 2011**

Reconciliation of unrecognized tax benefits [Roll Forward]

<u>Balance at January 1</u>	\$ 88.8	\$ 63.9
<u>Additions based on tax positions related to the current year</u>	0.5	26.7
<u>Additions for tax positions of prior years</u>	2.8	0
<u>Reductions for tax positions of prior years</u>	(15.8)	(1.5)
<u>Settlements</u>	(40.0)	2.4
<u>Lapse of statutes</u>	(1.4)	(2.7)
<u>Balance at December 31</u>	\$ 34.9	\$ 88.8

Stock-Based Compensation Plans (Narrative) (Details) (USD \$) In Millions, except Per Share data, unless otherwise specified	12 Months Ended			
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Common share authorized under Convergys LTIP	38.0			
Equity compensation plans approved by shareholders				
Stock options, common shares to be issued upon exercise	1.2	3.9	5.7	7.8
Total stock, common shares to be issued upon exercise	3.7			
Options approved, weighted average exercise price	\$ 12.91	\$ 23.90	\$ 31.66	\$ 32.21
Options approved, common shares available, future issuance	10.2			
Long-term incentive plan expense related to continuing operations	\$ 21.0	\$ 17.0	\$ 14.8	
Long-term incentive plan expense related to discontinued operations	1.4	2.6	3.2	
Stock-based compensation expense	21.6	17.4	15.3	
Maximum [Member]				
Equity compensation plans approved by shareholders				
Payout range	200.00%			
Minimum [Member]				
Equity compensation plans approved by shareholders				
Payout range	50.00%			
Stock Options [Member]				
Equity compensation plans approved by shareholders				
Stock options, common shares to be issued upon exercise	1.2			
Options approved, weighted average exercise price	\$ 12.91			
Options approved, common shares available, future issuance	0			
Term of Award	10 years			
Weighted average grant date, fair value, options outstanding	\$ 4.73			
Weighted average grant date, fair value, options exercisable	\$ 3.99			
Aggregate intrinsic value, stock options exercised	3.3	0.7	0.1	
Recognized tax benefit from exercised stock	0.7	0.1	0.1	
Total grant date fair value of stock options vested			1.1	
Aggregate intrinsic value, stock options outstanding and exercisable	4.0			
Stock Options [Member] Maximum [Member]				
Equity compensation plans approved by shareholders				
Award Vesting Period	3 years			
Stock Options [Member] Minimum [Member]				
Equity compensation plans approved by shareholders				
Award Vesting Period	2 years			
Restricted Stock Units (RSUs) [Member]				
Equity compensation plans approved by shareholders				
Restricted stock units, common shares to be issued upon exercise	2.5	3.9	4.2	
Options approved, weighted average exercise price	\$ 0.00			

Options approved, common shares available, future issuance	0		
Award Maximum Time Until Unvested Performance Shares Are Forfeited	3 years		
Expected volatility			56.00%
Expected term (in years)			3 years 0 months
Risk-free interest rate			1.40%
Granted, shares	1.6	1.5	2.3
Restricted stock units granted, weighted average fair value at date of grant	\$ 13.11	\$ 13.67	\$ 11.45
Total unrecognized compensation cost related to non-vested restricted stock and restricted stock units	14.7		
Weighted average recognition period (in years)	0.8		
Aggregate intrinsic value, non-vested restricted stock	41.7		
Restricted Stock [Member] Maximum [Member]			
Equity compensation plans approved by shareholders			
Award Vesting Period	5 years		
Restricted Stock [Member] Minimum [Member]			
Equity compensation plans approved by shareholders			
Award Vesting Period	3 years		
Performance Shares [Member]			
Equity compensation plans approved by shareholders			
Granted, shares	0.6	0.5	1.0
2012 Stock Option Grants [Member] Stock Options [Member]			
Equity compensation plans approved by shareholders			
Stock option expense	0.7		
Options granted, weighted-average grant date fair value	\$ 3.43		
Strike price	\$ 12.79		
Expected volatility	30.74%		
Expected term (in years)	4 years 6 months		
Risk-free interest rate	0.76%		
Expected dividend rate	0.00%		
2011 Stock Option Grants [Member] Stock Options [Member]			
Equity compensation plans approved by shareholders			
Stock option expense	0.3	1.0	
Options granted, weighted-average grant date fair value		\$ 4.06	
Strike price		\$ 13.79	
Expected volatility		31.11%	
Expected term (in years)		4 years 6 months	
Risk-free interest rate		2.12%	
Expected dividend rate		0.00%	
2010 Stock Options Grants [Member] Stock Options [Member]			
Equity compensation plans approved by shareholders			

[Stock option expense](#)

\$ 1.1

12 Months Ended
Dec. 31, 2012

Accounting Policies (Policies)

[Accounting Policies](#)

[\[Abstract\]](#)

[Consolidation \[Policy Text Block\]](#)

Consolidation — The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and U.S. Securities and Exchange Commission regulations. The Consolidated Financial Statements include the accounts of the Company's majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated upon consolidation.

[Reclassification, Policy \[Policy Text Block\]](#)

Reclassification — Certain balances in prior years have been reclassified to conform to current year presentation.

[Use of Estimates \[Policy Text Block\]](#)

Use of Estimates — The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. These estimates include project completion dates, time and cost required to complete projects for purposes of revenue recognition and future revenue, expense and cash flow estimates for purposes of impairment analysis and loss contract evaluation. Actual results could differ from those estimates. The Company's results are affected by economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies, can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

[Foreign Currency \[Policy Text Block\]](#)

Foreign Currency — Assets and liabilities of foreign operations are translated to U.S. dollars at year-end exchange rates. Revenues and expenses are translated at average exchange rates for the year. Translation adjustments are accumulated and reflected as adjustments to comprehensive income (loss), a component of Shareholders' Equity, and included in net earnings only upon sale or liquidation of the underlying foreign subsidiary. Gains or losses resulting from foreign exchange transactions related to balance sheet positions are recorded in the Consolidated Statements of Income within other income (expense), net.

[Revenue Recognition \[Policy Text Block\]](#)

Revenue Recognition — Revenues mostly consist of fees generated from outsourced services provided to the Company's clients. Approximately 90% of the Company's revenues are derived from agent-related services. The Company typically recognizes these revenues as services are performed based on staffing hours or the number of contacts handled by service agents using contractual rates. The remaining revenues are derived from the sale of premise-based and hosted automated self-care and technology solutions and provision of professional services. Revenues from the sale of these solutions and provision of services are typically recognized as services are provided over the duration of the contract using contractual rates.

Revenues are recognized only when the services are performed, there is evidence of an arrangement, the Company determines that the fee is fixed and determinable and collection of the fee included in the arrangement is considered probable. When determining whether the fee is considered fixed and determinable and collection is probable, the Company considers a number of factors including the creditworthiness of the client and the contractual payment terms. If a client is not considered creditworthy, all revenue under arrangements with that client is recognized upon receipt of cash. If payment terms extend beyond what is considered customary or standard in the related industry and geographic location, the related fees are considered extended and deferred until they become due and payable.

The Company considers the criteria established primarily by Accounting Standards Codification (ASC) Topic 605-45, "Principal Agent Considerations," (ASC 605-45) in

determining whether revenue should be recognized on a gross versus a net basis. Factors considered in determining if gross or net basis recognition is appropriate include whether the Company is primarily responsible to the client for the services, has discretion on vendor selection, or bears credit risk. The Company provides certain services to clients using third party vendors. Typically, the costs incurred with third party vendors related to these services are passed through to the clients. In consideration of the above mentioned criteria, total payments the Company receives from clients related to these services are recorded as revenue and payments the Company makes to third party vendors are recorded as cost of providing services and products sold.

The Company sometimes earns supplemental revenues depending on the satisfaction of certain service levels or achievement of certain performance measurement targets. The supplemental revenues are recognized only after required measurement targets are met.

The Company recognizes revenues from transition services provided to the buyer of the Information Management business as such services are performed.

[Stock Compensation \[Policy Text Block\]](#)

Stock Compensation — The Company accounts for stock-based payment transactions in which the Company receives employee services in exchange for equity instruments of the Company. Stock-based compensation cost for restricted stock awards and restricted stock units and performance restricted stock units is measured based on the closing fair market value of the Company's common stock on the date of grant. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Black-Scholes option-pricing model. Stock-based compensation cost for restricted stock units with a market condition is estimated using a Monte Carlo simulation model. The Company recognizes stock-based compensation cost as expense for awards other than its performance-based restricted stock units ratably on a straight-line basis over the requisite service period. The Company recognizes stock-based compensation cost associated with its performance based restricted stock units over the requisite service period if it is probable that the performance conditions will be satisfied. Compensation costs for awards with a market condition are recognized regardless of whether the market condition is achieved. The Company will recognize a benefit from stock-based compensation in equity if an incremental tax benefit is realized by following the ordering provisions of the tax law. Tax benefits related to stock compensation expense are reported as financing cash flow and tax expenses are reported as operating cash flow. Further, the Company applies an estimated forfeiture rate to unvested awards when computing the stock compensation-related expenses

[Income Taxes \[Policy Text Block\]](#)

Income Taxes — The provision for income taxes includes taxes paid, currently payable or receivable, and those deferred. Under U.S. GAAP, the Company recognizes deferred tax assets and liabilities based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be settled or realized.

The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical pre-tax and taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Projected future taxable income is based on expected results and assumptions as to the jurisdiction in which the income will be earned. The expected timing of the reversals of existing temporary differences is based on current tax law and the Company's tax methods of accounting.

The Company also reviews its tax activities and evaluates uncertain tax positions using a two-step approach. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit, which is the largest amount that is more than 50% likely of being realized upon ultimate settlement.

[Other Comprehensive Income \(Loss\) \[Policy Text Block\]](#)

The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense.

Other Comprehensive Income (Loss) — Components of other comprehensive income (loss) include currency translation adjustments, changes related to pension liabilities, net of tax, and unrealized gains (losses) on hedging activities, net of tax. Foreign currency translation adjustments generally are not adjusted for income taxes as they relate to indefinite investments in non-U.S. operations. Accumulated other comprehensive income (loss) also includes, net of tax, actuarial gains or losses, prior service costs or credits and transition assets and obligations that are not recognized currently as components of net periodic pension cost.

[Concentration Risk, Credit Risk, Policy \[Policy Text Block\]](#)

Concentration of Credit Risk — In the normal course of business, the Company is exposed to credit risk. The principal concentrations of credit risk are cash and cash equivalents, short-term investments, accounts receivable and derivative instruments. The Company regularly monitors credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in a loss. Historically, credit losses on accounts receivable have not been material because of the large concentration of revenues with a small number of large, established companies. The Company does not require collateral or other security to support accounts receivable. The Company evaluates the creditworthiness of its clients in conjunction with its revenue recognition processes, as discussed above, as well as through its ongoing collectability assessment processes for accounts receivable. The Company maintains an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific clients, historical trends and other information. The Company limits its counterparty credit risk exposures by entering into derivative contracts with significant financial institutions that are investment grade rated.

[Cash Equivalents \[Policy Text Block\]](#)

Cash Equivalents — Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

[Receivables \[Policy Text Block\]](#)

Receivables — Trade receivables are comprised primarily of amounts owed to the Company by clients and are presented net of an allowance for doubtful accounts of \$5.9 and \$9.3 at December 31, 2012 and 2011, respectively. Contracts with individual clients determine when receivables are due, generally within 30-60 days, and whether interest is accrued on late payments.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company regularly reviews the adequacy of its allowance for doubtful accounts. The Company determines the allowance based on historical write-off experience and current economic conditions and also considers factors such as customer credit, past transaction history with the customer and changes in customer payment terms when determining whether the collection of a receivable is reasonably assured. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

[Property and Equipment \[Policy Text Block\]](#)

Property and Equipment — Property and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over a 30-year life, software over a three- to eight-year life and equipment generally over a three- to five-year life. Leasehold improvements are depreciated over the shorter of their estimated useful life or the remaining term of the associated lease.

The Company reviews property, plant and equipment asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company monitors these changes and events on at least a quarterly basis. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset group, or a current expectation that an asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the property, plant and equipment asset groups, as

well as specific appraisals in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other property, plant and equipment asset groups. If the future undiscounted cash flows result in a value that is less than the carrying value, then the long-lived asset is considered impaired and a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair value. Various factors that the Company uses in determining the impact of these assessments include the expected useful lives of long-lived assets and our ability to realize any undiscounted cash flows in excess of the carrying amounts of such asset groups, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Because judgment is involved in determining the fair value of property, plant and equipment asset groups, there is risk that the carrying value of these assets may require adjustment in future periods.

[Software Development Costs](#)
[\[Policy Text Block\]](#)

Software Development Costs — Research and development expenditures are charged to expense as incurred. The development costs of software to be marketed are charged to expense until technological feasibility is established and capitalized thereafter, subject to assessment of realizability. Amortization of the capitalized amounts is computed using the greater of the sales ratio method or the straight-line method over a life of five years or less. The Company did not capitalize any software development costs during the periods reported.

[Internal Use Software \[Policy](#)
[Text Block\]](#)

Internal Use Software — The Company capitalizes certain expenditures for software that is purchased or internally developed for use in the business. During 2012, 2011, and 2010, internally developed software amounts capitalized were \$6.8, \$3.8 and \$5.6, respectively. Amortization of internal use software begins when the software is ready for service and continues on the straight-line method generally over a life of three years.

[Goodwill and Other](#)
[Intangibles \[Policy Text](#)
[Block\]](#)

Goodwill and Other Intangibles — As discussed more fully in Note 6, goodwill is reviewed at the reporting unit level for impairment as of October 1 each year and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable.

As a result of the adoption of Accounting Standards Update ("ASU") No. 2011-08 "Testing goodwill for impairment," effective January 1, 2012, we first assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategies and financial performance, when evaluating potential for impairment of goodwill. If, after completing such assessment, it is determined more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a two-step impairment test.

The first step compares the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit (Step 1). If the fair value of the reporting unit is in excess of the carrying value, the related goodwill is considered not to be impaired and no further analysis is necessary. If the carrying amount of the reporting unit exceeds the fair value, there is an indication of potential impairment and a second step of testing is performed to measure the amount of the impairment, if any, for that reporting unit.

When required, the second step compares the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. Any excess of the carrying value of the reporting unit goodwill over the implied fair value of the reporting unit goodwill will be recorded as an impairment loss. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

Fair value of the reporting unit is determined using a combination of the market approach and the income approach. Under the market approach, fair value is based on actual stock prices or transaction prices of comparable companies. The market approach requires significant judgment regarding the selection of comparable companies. Under the income approach, value is dependent on the present value of net cash flows to be derived from the ownership. The income approach requires significant judgment including estimates about future cash flows and discount rates. A combination of methodologies is used and weighted appropriately for reporting units with significant adverse changes in business climate.

Other intangibles, primarily customer relationship assets and trademarks, are amortized over a straight-line basis with lives ranging from four to twelve years and are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts.

[Equity-Method Investments](#)
[\[Policy Text Block\]](#)

Investments — Management determines the appropriate classification of securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Currently, we classify all investment securities, reported within short-term investments in the Consolidated Balance Sheets, as trading. Trading securities are carried at fair value, with gains and losses, both realized and unrealized, reported in other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading is included in other income (expense), net.

[Postemployment Benefits](#)
[\[Policy Text Block\]](#)

Postemployment Benefits — The funded status of the Company's pension and other postretirement benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at December 31, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (PBO) and for the other postretirement benefit plans the benefit obligation is the accumulated postretirement benefit obligation (APBO). The PBO represents the actuarial present value of benefits expected to be paid upon retirement. For active plans, the present value reflects estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. The measurement of the benefit obligation is based on the Company's estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates and mortality rates. For additional information regarding plan assumptions and the current financial position of the pension and other postretirement plans, see Note 9.

The Company provides severance benefits to certain employees. The Company accrues the benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

[Government Grants \[Policy](#)
[Text Block\]](#)

Government Grants — From time to time, the Company receives grants from local or state governments as an incentive to locate or retain operations in their jurisdictions. Depending on the arrangement, the grants are either received up-front or at the time the Company achieves the milestones set forth in the grant. The Company's policy is to record the grant funds received as deferred credit and to amortize the deferred credit as a reduction of cost of providing services and products sold or selling, general and administrative expense as the milestones are met over the term of the grant. The terms of the grants range from one to fifteen years.

[Derivative Instruments \[Policy](#)
[Text Block\]](#)

Derivative Instruments — 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 currently uses only cash flow hedges. These instruments are hedges of forecasted

transactions or of the variability of cash flows to be received or paid related to a recognized asset or liability. The Company generally enters into forward exchange contracts expiring within 36 months as hedges of anticipated cash flows denominated in foreign currencies. 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 exchange rates. In using derivative financial instruments to hedge exposures to changes in exchange rates, the Company exposes itself to counterparty credit risk.

All derivatives, including foreign currency exchange contracts, are recognized in the Consolidated Balance Sheets at fair value. Fair values for the Company's derivative financial instruments are based on quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current assumptions. On the date the derivative contract is entered into, the Company determines whether the derivative contract should be designated as a hedge. For derivatives that are designated as hedges, the Company further designates the hedge as either a fair value or cash flow hedge; all currently existing hedges have been designated as cash flow hedges. Changes in the fair value of derivatives that are highly effective and designated as fair value hedges would be recorded in the Consolidated Statements of Income along with the loss or gain on the hedged asset or liability. Changes in the fair value of derivatives that are highly effective and designated as cash flow hedges are reported as a component of Other Comprehensive Income (Loss) and reclassified into earnings in the same line-item associated with the forecasted transaction and in the same periods during which the hedged transaction impacts earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging activities. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to forecasted transactions, respectively. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

The Company also periodically enters into forward exchange contracts and options that are not designated as hedges. The purpose of the majority of these derivative instruments is to protect the Company against foreign currency exposure pertaining to receivables, payables and intercompany transactions that are denominated in currencies different from the functional currencies of the Company or the respective subsidiaries. The Company records changes in the fair value of these derivative instruments in the Consolidated Statements of Income within other income (expense), net.

[Fair Value of Financial Instruments, Policy \[Policy Text Block\]](#)

Fair Value Measurements —The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

[New Accounting Pronouncements, Policy \[Policy Text Block\]](#)

New Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, "Intangibles - Goodwill and Other: Testing indefinite-lived intangible assets for impairment" (ASU 2012-02). The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The approach is similar to the guidance in ASU 2011-08 finalized last year for goodwill impairment testing. ASU 2012-02 is effective for annual and interim impairment tests

performed for fiscal years beginning after September 15, 2012 and early adoption is permitted. The Company adopted ASU 2012-02 effective January 1, 2013 and does not expect this pronouncement to have a material effect on the consolidated financial statements.

In September 2011, the FASB, issued ASU No. 2011-08, "Intangibles - Goodwill and Other: Testing goodwill for impairment" (ASU 2011-08). This ASU simplifies the goodwill impairment assessment by permitting a company to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If the conclusion is that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the company would be required to conduct the current two-step goodwill impairment test. Otherwise, it would not need to apply the two-step test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and early adoption is permitted. The Company adopted ASU 2011-08 for its goodwill impairment test as of January 1, 2012, which did not have a material affect on the consolidated financial statements.

In May 2011, the FASB issued 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS" (ASU 2011-04). The adoption of ASU 2011-04 conforms the meaning of fair value between U.S. GAPP and International Financial Reporting Standards (IFRS) and improves consistency of disclosures relating to fair value. This ASU requires a reporting entity to provide quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy. The amendments in this update are effective for annual periods beginning after December 31, 2011. The Company adopted ASU 2011-04 effective for the year ended December 31, 2012.

Financial Instruments (Narrative) (Details) In Millions, unless otherwise specified	12 Months Ended			12 Months Ended		12 Months Ended		12 Months Ended			
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2012		
	USD (\$)	USD (\$)	USD (\$)	PHP [Member] PHP USD (\$)	PHP [Member] PHP USD (\$)	INR [Member] INR USD (\$)	INR [Member] INR USD (\$)	COP [Member] COP USD (\$)	COP [Member] COP USD (\$)	AUD [Member] AUD USD (\$)	AUD [Member] AUD USD (\$)
Derivatives											
Foreign currency acquired through forward exchange contracts			15,360.0		9,792.5		35,700.0				
Notional amount, foreign currency derivatives	590.4	619.8		349.6		176.6		18.4		45.7	
Foreign currency sold through forward exchange contracts									44.7		
Derivative instruments maturity period (in months)	36										
Deferred tax expense	7.1	(1.0)									
Deferred gains (losses), net of tax	11.4	(1.5)									
Deferred gain on derivative instruments reclassified from OCI to earnings during the next the next twelve months, before tax	10.4										
Deferred gain on derivative instruments reclassified from OCI to earnings during next twelve months, net of tax	6.5										
Net gain related to forward contracts	14.8	11.6									
Net loss related to settlement of forward contracts			(0.5)								
Net loss recognized, related to changes in fair value	(0.4)	(0.2)									
Aggregate fair value of derivative instruments in liability positions	9.5										
Aggregate fair value of collateral already posted	0										
Trading Securities, Fair Value Disclosure	19.5										
Short-term time desposits	\$ 64.3										

**Fair Value Disclosures
(Tables)**

**12 Months Ended
Dec. 31, 2012**

**Fair Value, Assets and
Liabilities Measured on
Recurring and Nonrecurring
Basis [Line Items]**

**Schedule of Fair Value, Assets
and Liabilities Measured on
Recurring Basis [Table Text
Block]**

The derivative assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011 were as follows:

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 28.0	\$ —	\$ 28.0	\$ —
Foreign currency forward contracts (liability position)	\$ 9.6	\$ —	\$ 9.6	\$ —

	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 16.9	\$ —	\$ 16.9	\$ —
Foreign currency forward contracts (liability position)	\$ 19.3	\$ —	\$ 19.3	\$ —

Investments [Member]

**Fair Value, Assets and
Liabilities Measured on
Recurring and Nonrecurring
Basis [Line Items]**

**Fair Value, Assets Measured
on Recurring and
Nonrecurring Basis [Table
Text Block]**

	December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 13.3	\$ 13.3	\$ —	\$ —
Convergys common stock	4.9	4.9	—	—
Money market accounts	1.3	1.3	—	—
Total	\$ 19.5	\$ 19.5	\$ —	\$ —

	December 31, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 15.9	\$ 15.9	\$ —	\$ —
Convergys common stock	5.1	5.1	—	—
Money market accounts	1.7	1.7	—	—
Total	\$ 22.7	\$ 22.7	\$ —	\$ —

**Interest-bearing Deposits
[Member]**

**Fair Value, Assets and
Liabilities Measured on
Recurring and Nonrecurring
Basis [Line Items]**

[Fair Value, Assets Measured on Recurring and Nonrecurring Basis \[Table Text Block\]](#)

The assets measured at fair value on a recurring basis as of December 31, 2012 were as follows:

	December 31, 2012		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term Investments:					
Cash time deposits	\$	64.3	\$ —	\$ 64.3	\$ —
Total	\$	64.3	\$ —	\$ 64.3	\$ —

Financial Instruments

12 Months Ended
Dec. 31, 2012

[Derivative Instruments and Hedging Activities Disclosure \[Abstract\]](#)
[Financial Instruments](#)

Financial Instruments

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 the Philippines, India and Colombia. 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 Philippine pesos (PHP), Indian rupees (INR) or Colombian pesos (COP), which represents a foreign exchange exposure. Beginning in 2011, the Company entered into a contract with a client priced in Australian dollars (AUD). 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 to acquire a total of PHP 15,360.0 at a fixed price of \$349.6 at various dates through December 2015, INR 9,792.5 at a fixed price of \$176.6 at various dates through December 2015 and COP 35,700.0 at a fixed price of \$18.4 at various dates through December 2014, and to sell a total of AUD 44.7 at a fixed price of \$45.7 at various dates through December 2013. These instruments mature within the next 36 months and had a notional value of \$590.4 at December 31, 2012 and \$619.8 at December 31, 2011. The derivative instruments discussed above are designated and are effective as cash flow hedges. The following table reflects the fair values of these derivative instruments:

	December 31,	
	2012	2011
Forward exchange contracts and options designated as hedging instruments		
Included within other current assets	\$ 16.4	\$ 13.0
Included within other non-current assets	11.6	3.9
Included within other current liabilities	6.0	11.2
Included within other long-term liabilities	3.5	8.1

The Company recorded a deferred tax liability of \$7.1 and deferred tax benefit of \$1.0 related to these derivatives at December 31, 2012 and 2011, respectively. A total of \$11.4 of deferred gains and \$1.5 of deferred losses, net of tax, related to these cash flow hedges at December 31, 2012 and 2011, respectively, were included in accumulated other comprehensive loss (OCL). As of December 31, 2012, deferred gains of \$10.4 (\$6.5 net of tax), on derivative instruments included in accumulated OCL are expected to be reclassified into earnings during the next 12 months. The following tables provide the effect of these derivative instruments on the Company's Consolidated Financial Statements for the year ended December 31, 2012 and 2011, respectively:

2012:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ 35.8	\$ 14.8	Cost of providing services and products sold and Selling, general and administrative

2011:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ (21.6)	\$ 11.6	Cost of providing services and products sold and Selling, general and administrative

The gain recognized related to the ineffective portion of the derivative instruments was immaterial for the years ended December 31, 2012 and 2011.

During 2012, 2011 and 2010, the Company recorded net gains of \$14.8 and \$11.6 and a net loss of \$0.5, respectively, related to the settlement of forward contracts and options which were designated as cash flow hedges.

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 year ended December 31, 2012, a loss of \$0.4 was recognized related to changes in fair value of these derivative instruments not designated as hedges, compared to a loss of \$0.2 in the same period in 2011. The gains and losses largely offset the currency gains and 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 Income. The fair value of these derivative instruments not designated as hedges at December 31, 2012, was immaterial to the Company's Consolidated Financial Statements.

A few of the Company's counterparty agreements related to derivative instruments contain provisions that require that the Company maintain collateral on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments in liability position at December 31, 2012 was \$9.5 for which the Company has no posted collateral. Future downgrades in the Company's credit ratings and/or changes in the foreign currency markets could result in collateral to counterparties.

Short term Investments

In December 2011, the Company made investments in certain securities, included within short-term investments in the Consolidated Balance Sheets, which are held in a grantor trust for the benefit of participants of the executive deferred compensation plan, which was frozen during the fourth quarter of 2011. This investment was made in securities reflecting the hypothetical investment balances of plan participants. As of December 31, 2012, the Company maintained investment securities with a fair value of \$19.5 classified as trading securities. The investment securities include exchange-traded mutual funds, common stock of the Company and money market accounts. These securities are carried

at fair value, with gains and losses, both realized and unrealized, reported in other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading are included in other income (expense), net.

Additionally, during 2012, the Company made investments in time deposits with maturities greater than 90 days and less than 180 days, included within short-term investments in the Consolidated Balance Sheets. As of December 31, 2012, the Company maintained short-term time deposits with a fair value of \$64.3.