

CONVERGYS CORPORATION
Reconciliation of GAAP Revenue Growth to non-GAAP Constant Currency Revenue Growth
(In Millions Except Per Share Amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$649.4	\$686.8	\$1,323.6	\$1,414.4
Revenue growth, as reported under U.S. GAAP	(5.4)%	(0.8)%	(6.4)%	—%
Foreign exchange impact ^(a)	(1.8)%	1.0 %	(2.2)%	1.0%
Constant currency revenue growth (a non-GAAP measure)	(7.2)%	0.2 %	(8.6)%	1.0%

CONVERGYS CORPORATION
Reconciliation of GAAP EPS to non-GAAP EPS
(In Millions Except Per Share Amounts)

	Three Months Ended			Six Months Ended June		
	June 30,	%	%	30,	%	%
	2018	2017	Change	2018	2017	Change
Operating Income as reported under U.S. GAAP	\$24.1	\$48.8	(51)%	\$58.5	\$97.6	(40)%
<i>Operating Margin</i>	<i>3.7%</i>	<i>7.1%</i>		<i>4.4%</i>	<i>6.9%</i>	
Depreciation of property & equipment write-up ^(b)	0.4	0.9		1.0	1.9	
Amortization of acquired intangible assets ^(c)	6.1	7.3		13.1	14.5	
Company-wide restructuring ^(d)	7.4	—		18.1	12.8	
CEO transition costs ^(e)	1.7	—		9.0	—	
Transaction related expenses ^(f)	10.2	—		10.2	—	
Integration related expenses ^(g)	—	1.1		—	2.6	
Total Charges	25.8	9.3		51.4	31.8	
Adjusted Operating Income (a non-GAAP measure)	\$49.9	\$58.1	(14)%	\$109.9	\$129.4	(15)%
<i>Adjusted Operating Margin</i>	<i>7.7%</i>	<i>8.5%</i>		<i>8.3%</i>	<i>9.1%</i>	
Income before Income Tax as reported under U.S. GAAP	\$22.0	\$46.1	(52)%	\$51.4	\$90.9	(43)%
Total operating charges from above	25.8	9.3		51.4	31.8	
Adjusted Income before Income Taxes (a non-GAAP measure)	\$47.8	\$55.4	(14)%	\$102.8	\$122.7	(16)%
Net Income as reported under U.S. GAAP	\$13.9	\$39.8	(65)%	\$43.7	\$77.7	(44)%
Total operating charges from above	25.8	9.3		51.4	31.8	
Income tax impact from total operating charges	(4.0)	(3.0)		(10.4)	(11.3)	
Release of uncertain tax positions ^(h)	—	—		(8.6)	—	
Adjusted Net Income (a non-GAAP measure)	\$35.7	\$46.1	(23)%	\$76.1	\$98.2	(23)%
Diluted EPS as reported under U.S. GAAP	\$0.14	\$0.40	(65)%	\$0.44	\$0.77	(43)%
Net impact of total charges	0.22	0.06		0.33	0.21	
Adjusted Diluted EPS (a non-GAAP measure)	\$0.36	\$0.46	(22)%	\$0.77	\$0.98	(21)%

(a) Changes in currency exchange rates resulted in increases or decreases in revenues primarily due to the weakening or strengthening U.S. dollar relative to the euro, British pound, Australian dollar and Canadian dollar.

(b) The Company recorded depreciation expense resulting from the fair value write-up of property and equipment acquired through business combinations of \$0.4 and \$1.0, respectively, for the three months and six months ended June 30, 2018 compared to \$0.9 and \$1.9 in the same periods in the prior year.

(c) The Company recorded amortization expense related to acquired intangible assets of \$6.1 and \$13.1, respectively, for the three months and six months ended June 30, 2018 compared to \$7.3 and \$14.5 in the same periods in the prior year.

(d) The Company recorded restructuring charges of \$7.4 and \$18.1, respectively, for the three and six months ended June 30, 2018, related to company-wide initiatives to consolidate certain contact centers and reduce headcount to streamline the Company's operations. The Company recorded restructuring charges of \$12.8 for the three months ended March 31, 2017, associated with a company-wide initiative to reduce headcount and better align the Company's resources, principally for corporate functions.

(e) During the three and six months ended June 30, 2018, the Company recorded CEO transition costs of \$1.7 and \$9.0, respectively.

(f) During the three and six months ended June 30, 2018, the Company recorded transaction expenses of \$10.2 related to the pending transaction with SYNEX Corporation. These expense primarily relate to fees paid for third-party consulting services.

(g) The Company recorded integration expenses associated with Convergys' integration of the acquired Stream and buw operations of \$1.1 and \$2.6 for the three and six months ended June 30, 2017. These expenses were primarily related to third-party consulting services and severance expense.

(h) During the six months ended June 30, 2018, the Company recorded a net tax benefit of \$8.6 resulting from the favorable resolution of certain tax audits.

Management uses constant currency revenue growth to assess underlying revenue trends by providing revenue growth between periods on a consistent basis. Constant currency revenue growth is determined by using the comparable prior year period's currency exchange rates to translate current period revenue from local currencies. Management uses operating income, income from continuing operations, net of tax and earnings per share from continuing operations 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 operating results to prior and future periods. These charges and credits 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, constant currency revenue growth, operating income, income from continuing operations, net of tax and diluted earnings per share excluding the charges, and the GAAP measures, revenue growth, operating income, income from continuing operations, net of tax and diluted earnings per share, in its evaluation of performance.