

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Revenue	\$689.4	\$757.9	\$2,792.1	\$2,913.6
Revenue growth, as reported under U.S. GAAP	(9.0)%	1.0%	(4.2)%	(1.0)%
Foreign exchange impact ^(a)	(1.3)%	1.0%	— %	1.0 %
Constant currency revenue growth (a non-GAAP measure)	(10.3)%	2.0%	(4.2)%	— %

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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2017	2016	%	2017	2016	%
Operating Income as reported under U.S. GAAP	\$51.5	\$57.2	(10)%	\$197.2	\$214.6	(8)%
<i>Operating Margin</i>	7.5%	7.5%		7.1%	7.4%	
Depreciation of property & equipment write-up ^(b)	0.6	1.1		3.2	8.6	
Amortization of acquired intangible assets ^(c)	7.2	7.3		28.9	28.1	
Company-wide restructuring ^(d)	—	—		12.8	—	
Transaction related expenses ^(e)	—	0.1		—	3.2	
Integration related expenses ^(f)	0.4	1.4		3.8	3.3	
Total Charges	8.2	9.9		48.7	43.2	
Adjusted Operating Income (a non-GAAP measure)	\$59.7	\$67.1	(11)%	\$245.9	\$257.8	(5)%
<i>Adjusted Operating Margin</i>	8.7%	8.9%		8.8%	8.8%	
Income before Income Tax and Discontinued Operations as reported under U.S. GAAP	\$46.8	\$45.4	3 %	\$179.8	\$185.9	(3)%
Total operating charges from above	8.2	9.9		48.7	43.2	
Pension settlement charge ^(g)	0.5	4.8		2.5	4.8	
Adjusted Income before Income Taxes and Discontinued Operations (a non-GAAP measure)	\$55.5	\$60.1	(8)%	\$231.0	\$233.9	(1)%
Income from Continuing Operations, net of tax, as reported under U.S. GAAP	\$8.9	\$17.5	(49)%	\$121.4	\$133.0	(9)%
Total operating charges from above	8.2	9.9		48.7	43.2	
Income tax impact from total operating charges	(2.8)	(3.0)		(16.9)	(12.1)	
Pension settlement charge ^(g)	0.5	4.8		2.5	4.8	
Income tax impact from pension settlement charge	(0.2)	(1.9)		(1.0)	(1.9)	
Tax provision related to the enactment of the 2017 Tax Act ^(h)	32.3	—		32.3	—	
Tax provision related to unremitted non-U.S. earnings ⁽ⁱ⁾	—	20.3		—	21.6	
Adjusted Income from Continuing Operations, net of tax (a non-GAAP measure)	\$46.9	\$47.6	(1)%	\$187.0	\$188.6	(1)%
Diluted EPS from Continuing Operations as reported under U.S. GAAP	\$0.09	\$0.17	(47)%	\$1.22	\$1.30	(6)%
Net impact of total charges included in Continuing Operations	0.38	0.30		0.65	0.54	
Adjusted Diluted EPS from Continuing Operations (a non-GAAP measure)	\$0.47	\$0.47	— %	\$1.87	\$1.84	2 %

- (a) Changes in currency exchange rates resulted in decreases or increases in revenues primarily due to the strengthening or weakening 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 from Stream and buw of \$0.6 and \$3.2, respectively, for the three and twelve months ended December 31, 2017 compared to \$1.1 and \$8.6 in the same periods in the prior year.
- (c) The Company recorded amortization expense related to acquired intangible assets of \$7.2 and \$28.9, respectively, for the three and twelve months ended December 31, 2017 compared to \$7.3 and \$28.1 in the same periods in the prior year.
- (d) During the twelve months ended December 31, 2017, the Company recorded restructuring charges of \$12.8, 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 twelve months ended December 31, 2016, the Company recorded \$0.1 and \$3.2, respectively, of expense associated with the acquisition of buw, related to fees paid for third-party consulting services.
- (f) The Company recorded integration expenses associated with Convergys' integration of the acquired Stream and buw operations of \$0.4 and \$3.8, respectively, for the three and twelve months ended December 31, 2017 compared to \$1.4 and \$3.3 in the same periods in the prior year. These expenses were primarily related to third-party consulting services.
- (g) The Company recorded pension plan settlement charges due to a high level of lump-sum payouts of \$0.5 and \$2.5, respectively, for the three and twelve months ended December 31, 2017 compared to \$4.8 in the same periods in the prior year.
- (h) During the three and twelve months ended December 31, 2017, the Company recognized a net impact to income tax expense of \$32.3 resulting from the enactment of the 2017 Tax Act.
- (i) During the three and twelve months ended December 31, 2016, the Company recognized tax expense of \$20.3 and \$21.6, respectively, associated with the restructuring of its legal entity structure and repatriation of earnings into primarily non-U.S. jurisdictions that provide the Company increased flexibility to manage its strategic priorities.

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.