PACIFIC PREMIER BANCORP INC
Form 8-K
May 04, 2006

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 4, 2006

PACIFIC PREMIER BANCORP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**0-22193**	**33-0743196**
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(I.R.S. Employer Identification No.)*

1600 Sunflower Ave, Second Floor, Costa Mesa, CA	**92626**
(Address of principal executive offices)	*(Zip Code)*

Registrant s telephone number, including area code (714) 431-4000

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 7.01 REGULATION FD DISCLOSURE

On May 4, 2006 Pacific Premier Bancorp, Inc. President and CEO, Steven R. Gardner, will be presenting at America s Community Bankers 6th Investor Conference at 12:00 pm PST.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

A copy of PPBI s slide presentation as presented at the America s Community Bankers 6th Investor Conference on Thursday, May 4, 2006, is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

SIGNATURES

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

PACIFIC PREMIER BANCORP, INC.

Dated: **May 4, 2006**

By: /s/ **STEVEN R. GARDNER**

Steven R. Gardner
President and Chief Executive Officer

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performance of the Company s internal audit function and the independent accountants; and

Company s system of disclosure controls and system of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established.

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The Audit Committee is directly responsible for the appointment of the independent registered public accounting firm. Both the internal auditors and the independent accountants periodically meet alone with the Audit Committee and have unrestricted access to the Audit Committee. The Board and the Audit Committee have designated Mr. Wallman as a financial expert. Further, each member of the Audit Committee is deemed financially literate, as that term is defined by the NYSE.

Compensation and Benefits Committee

The Compensation and Benefits Committee s primary roles are to:

- oversee the Company s executive compensation plans and programs and review and recommend changes to these plans and programs to keep management s and shareholders interests aligned;
- review and evaluate the performance of the CEO against corporate goals and objectives;
- review and recommend for the full Board s approval the compensation of the CEO;
- review the performance of the Company s other executive officers and approve their compensation; and
- review and discuss with management the Compensation Discussion and Analysis included in the proxy statement.

Executive Committee

The Executive Committee has authority to act on behalf of the Board of Directors on most matters during the period between regular Board meetings.

Finance Committee

The Finance Committee s primary roles are to:

- review the capital structure of the Company;
- review and recommend to the Board short-term borrowing limits and proposed financings;
- review and recommend to the Board significant mergers, acquisitions and divestitures;
- review pension plan funding; and
- review the performance of the pension plan s investment portfolio and manager.

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for:

evaluating and recommending director nominees;

monitoring the functions of Board committees and conducting evaluations of the Board and its committees;

reviewing and responding to shareholder proposals and concerns; and

reviewing corporate governance and recommending to the Board principles, policies and procedures for dealing with corporate governance.

***Director Independence*.** The Board of Directors annually reviews the independence of each of the directors. Based on the information supplied by each director, the Board has determined that, with the exception of Mr. Dougherty, all of the directors qualify as being independent pursuant to the rules and listing standards of the New York Stock Exchange (NYSE). All of the members of the Board s Audit Committee, Compensation and

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Benefits Committee and Governance and Nominating Committee are independent directors. With the exception of Mr. Dougherty s appointment on the Executive Committee, the members of each of the Committees meet the requirements of independence for directors as adopted by the NYSE and the SEC. Members of the Compensation and Benefits Committee are also non-employee directors within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 and outside directors within the meaning of Section 162(m) of the Internal Revenue Code (Code). None of the directors has any material relationship other than being a director and/or shareholder of the Company, including any related party relationship prohibited by the rules of the NYSE.

In making its independence determination, the Board considered the specific relationships described below between directors and companies with which those directors are affiliated.

Certain Relationships and Related Transactions. The Audit Committee reviews and approves transactions between the Company and any related party, regardless of whether the transactions are required to be reported under the Securities Exchange Act of 1934, as amended. For purposes of these guidelines, a related party transaction is any transaction in which the Company was or is to be a participant and in which any related party has a direct or indirect material interest, other than transactions that (i) involve less than $120,000 when aggregated with all similar transactions, (ii) are available to all employees generally, (iii) involve compensation of executive officers or directors duly authorized by the appropriate Board committee, or (iv) involve reimbursement of expenses in accordance with Company policy.

John F. Barrett is a director and the chief executive officer of each of Western & Southern Financial Group, Inc., and its subsidiary, The Western and Southern Life Insurance Company. Western & Southern Financial Group owns more than five percent of the outstanding common shares of Convergys and also owns Tri-State Ventures, LLC, which is the general partner of an investment fund in which certain assets of the Convergys Corporation Pension Plan are invested. The Board of Directors has determined that Mr. Barrett s relationship with Western and Southern does not disqualify Mr. Barrett from being deemed independent under the rules of the NYSE.

Ronald L. Nelson is a director and the chief executive officer of Avis Budget Group, Inc. In 2008, the Company utilized and in 2009 plans on utilizing the automobile rental services of the Avis Budget Group, Inc. The Board of Directors has determined that Mr. Nelson s relationship with Avis Budget Group, Inc. does not disqualify Mr. Nelson from being deemed independent under the rules of the NYSE.

Director Qualifications. Convergys Governance Principles contain criteria that may be applied in the evaluation of nominees for a position on its Board. These principles are available on the Company s website, *www.convergys.com/corporategovernance.html*. In general, these criteria include: judgment, experience, skills, accountability and integrity, financial literacy, leadership abilities, industry knowledge, diversity, other Board appointments, and independence.

In determining qualifications for new directors, the Governance and Nominating Committee periodically reviews the Board s succession plan, establishes the experience and attributes needed to fulfill its responsibilities, and works with the CEO to identify management s needs for advice and counsel. In determining whether an incumbent director should stand for re-election, the Governance and Nominating Committee considers the above factors as well as that director s attendance at meetings, achievement of satisfactory performance and other matters determined by the Board. Note that one of our directors, our CEO, is not independent.

Director Nomination Process. Suggestions for director nomination for election at the 2010 annual meeting can be brought to the attention of the Board by the Governance and Nominating Committee, individual members of the Board or by shareholders. A shareholder wishing to suggest an individual for nomination should submit the suggestion by certified mail, return receipt requested, to the Governance and Nominating Committee, c/o Corporate Secretary, at the address listed above.

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All suggested nominees must be submitted no later than November 16, 2009, and meet (1) the criteria set forth in the Governance Principles adopted by the Board, (2) the standards of independence established by the NYSE and SEC, and (3) other applicable laws, rules and regulations related to service as a director of the Company; as well as agree to accept a nomination for Board candidacy. Nominations of qualified individuals will be screened by the Governance and Nominating Committee. The Governance and Nominating Committee also has the authority to engage the third party services to assist it in identifying and evaluating qualified director candidates.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Company s amended Articles of Incorporation require that the board of directors be divided into three classes. At each annual meeting of shareholders, directors constituting a class are elected for a three year term. The terms of the Class II Directors expire at the annual meeting of shareholders in 2009. The Board has nominated John F. Barrett, Willard W. Brittain, Jr., David F. Dougherty, Joseph E. Gibbs, and Barry Rosenstein, all of whom are incumbent directors for election as directors in Class II, to serve until the 2012 annual meeting of shareholders. Personal information on the nominees, as well as each continuing director, is provided below. If a director nominee becomes unavailable before the election, your proxy authorizes the proxies to vote for a replacement nominee if named by the Board.

As part of the Governance Principles, a director s final term is to end at the annual meeting of shareholders following such director s 72nd birthday. Therefore, under the circumstance of reaching such age, a director may not serve his or her entire term. The Board has discretion to waive this principle and has done so as it relates to Mr. Odeen through the term ending in 2010.

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THE BOARD RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES SET FORTH BELOW FOR CLASS II DIRECTOR:

NOMINEES FOR CLASS II DIRECTORS

(Terms expire in 2012)

John F. Barrett

Age:	59
Director Since:	May 1998
Committees:	Executive Committee, Finance Committee (Chair)
Principal Occupation:	Chairman of the Board of Western & Southern Financial Group, Inc. and The Western and Southern Life Insurance Company since 2002; President and Chief Executive Officer of Western & Southern Financial Group, Inc. since 2000; President and Chief Executive Officer of The Western & Southern Financial Life Insurance Company since 1994
Other Public Company Directorships:	The Fifth Third Bancorp

Willard W. Brittain, Jr.

Age:	61
Director Since:	June 2008
Committees:	Audit Committee
Principal Occupation:	Chairman and Chief Executive Officer of Professional Resources on Demand since March 2003
Prior Positions Held:	Chief Operating Officer of PwC and PwC Consulting
Other Public Company Directorships:	Perini Corporation, Analysts International Corporation and DaVita Inc.

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David F. Dougherty

Age:	52
Director Since:	August 2006
Committees:	Executive Committee
Principal Occupation:	President and Chief Executive Officer of the Company since April 2007
Prior Positions Held:	President and Chief Operating Officer (2005-2007); Executive Vice President of Convergys Global Information Management Group (2003-2005); Chief Development Officer of Convergys Corporation (2000-2003); President of Convergys Customer Management Group Inc. (1995-2000)
Other Public Company Directorships:	None

Joseph E. Gibbs

Age:	59
Director Since:	December 2000
Committees:	Compensation and Benefits Committee, Finance Committee
Principal Occupation:	Chairman, Gibbs Investments, LLC since 2002
Prior Positions Held:	Co-Founder, Vice Chairman, President and Chief Executive Officer of TGC, Inc. (The Golf Channel) (1991-2001)
Other Public Company Directorships:	None

Barry Rosenstein

Age:	50

Director Since:	February 2009
Committees:	Finance Committee
Principal Occupation:	Founder and Managing Partner of JANA Partners LLC since 2001
Prior Positions Held:	Managing Partner of Sagaponack Partners L.P.; Founder, Genesis Merchant Group s Investment and Merchant Banking Group; Managing Partner, Reatta Partners; Principal, Asher Edelman s Plaza Securities Corporation; Investment Banker, Merrill Lynch
Other Public Company Directorships:	Copart, Inc.

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CLASS III DIRECTORS

(Terms expire in 2010)

Zoë Baird

Age:	56
Director Since:	August 2003
Committees:	Audit Committee, Finance Committee
Principal Occupation:	President of the Markle Foundation since 1998
Other Public Company Directorships:	Chubb Corporation and Boston Properties

Thomas L. Monahan III

Age:	42
Director Since:	February 2008
Committees:	Audit Committee
Principal Occupation:	Chairman and CEO of The Corporate Executive Board Company since January 2008; Chief Executive Officer of The Corporate Executive Board Company since 2005
Prior Positions Held:	General Manager of the Finance, the Legal & Administration, the Strategy & Innovation, the Information Technology and the Operations Divisions of The Corporate Executive Board Company (2002-2005)

Other Public Company Directorships:	The Corporate Executive Board Company

Philip A. Odeen

Age:	73
Director Since:	March 2000
Committees:	Non-Executive Chairman of the Board, Compensation and Benefits Committee, Governance and Nominating Committee, Executive Committee (Chair)
Principal Occupation:	Non-Executive Chairman of The AES Corporation since January 2008
Prior Positions Held:	Non-Executive Chairman of Avaya Inc. (July 2006 October 2007); Non-Executive Chairman of The Reynolds and Reynolds Company (2005-2006); Chief Executive Officer of QinetiQ NA Ops. (2005-2006); Chief Executive Officer of The Reynolds and Reynolds Company (July January 2005)
Other Public Company Directorships:	The AES Corporation

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Richard F. Wallman

Age:	57
Director Since:	June 2007
Committees:	Audit Committee (Chair), Finance Committee
Principal Occupation:	Retired Senior Vice President and Chief Financial Officer of Honeywell International, Inc. since July 2003
Prior Positions Held:	Senior Vice President and Chief Financial Officer of Honeywell International, Inc. (March 1995 July 2003)
Other Public Company Directorships:	Ariba, Inc., Hayes Lemmerz International Inc., Lear Corporation and Roper Industries, Inc.

CLASS I DIRECTORS

(Terms expire in 2011)

David B. Dillon

Age:	57
Director Since:	March 2000
Committees:	Compensation and Benefits Committee, Governance and Nominating Committee (Chair), Executive Committee
Principal Occupation:	Chairman and Chief Executive Officer of The Kroger Co. since 2004
	Chief Executive Officer of The Kroger Co. since 2003
Prior Positions Held:	President of The Kroger Co. (1995-2003); Chief Operating Officer of The Kroger Co. (1995-1999 and 2000-2003)
	The Kroger Co.

Other Public Company Directorships:	

Jeffrey H. Fox

Age:	46
Director Since:	February 2009
Committees:	Audit Committee
Principal Occupation:	Chief Executive Officer, Technology Value Investors since 2008
Prior Positions Held:	Former Chief Operating Officer of Alltel Corporation (2007-2008); Group President, Shared Services (2003-2007); Group President, Alltel Information Services (1996-2003)
Other Public Company Directorships:	None

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Ronald L. Nelson

Age:	56
Director Since:	August 2008
Committees:	Audit Committee
Principal Occupation:	Chairman and Chief Executive Officer of Avis Budget Group, Inc. since 2006
Prior Positions Held:	President and Chief Financial Officer of Cendant Corporation
Other Public Company Directorships:	Avis Budget Group, Inc. and Hanesbrands Inc.

David R. Whitwam

Age:	67
Director Since:	August 2003
Committees:	Compensation and Benefits Committee (Chair), Executive Committee, Governance and Nominating Committee
Principal Occupation:	Retired Chairman and Chief Executive Officer of Whirlpool Corporation since July 2004
Prior Positions Held:	Chairman and Chief Executive Officer of Whirlpool Corporation (1987-2004)
Other Public Company Directorships:	PPG Industries, Inc.

SHARE OWNERSHIP

General. On the record date, March 4, 2009, the outstanding securities of the Company consisted of 123,477,262 Common Shares, without par value (Common Shares). The Company also has 60,639,469 shares which are held in treasury and are not considered outstanding for quorum, voting or other purposes. Each Common Share has one vote on each matter presented for action at the annual meeting of shareholders. The following table sets forth information, as of the record date, with respect to those persons that the Company believes to be beneficial owners of more than five percent of the Company s voting securities. The SEC has defined beneficial owner of a security to include any person who has or shares voting power or investment power with respect to any such security or has the right to acquire beneficial ownership of any such security within 60 days.

Title of Class	**Beneficial Owner**	**Number of Common Shares**	**Percent of Class**[(1)]
Common Shares	JANA Partners LLC 767 Fifth Avenue, 8th Fl. New York, NY 10153	17,035,512	13.9%
Common Shares	Western & Southern Life Insurance Co. 400 Broadway Cincinnati, OH 45202	7,445,110	6.1%
Common Shares	AXA Financial, Inc. and Affiliates 1290 Avenue of the Americas New York, New York 10104	6,130,129	5%

(1) This percentage is based upon 122,133,416 Common Shares outstanding as of December 31, 2008.

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Section 16(a) Beneficial Ownership Reporting Compliance. Ownership of and transactions in Company securities by certain executive officers and directors of the Company are required to be reported to the SEC pursuant to Section 16 of the Securities Exchange Act of 1934. Based on its review of Forms 3, 4 and 5 furnished to the Company, the Company believes that all of its executive officers, directors and applicable shareholders complied with these filing requirements on a timely basis during 2008.

Directors and Executive Officer Beneficial Ownership. These tables show the Common Shares that each named executive officer included in the Summary Compensation Table and each non-management director and nominee beneficially owned on March 4, 2009. With the exception of Mr. Rosenstein, none of these individuals beneficially owns more than 1.0% of the outstanding Common Shares.

Named Executive Officers	**Shares Owned**[(1)]
David F. Dougherty	519,551
Earl C. Shanks	141,061
Karen R. Bowman	62,981
Clark D. Handy	5,000
Jean-Hervé Jenn	25,914

(1) Includes Common Shares subject to outstanding options which are exercisable by such individuals within 60 days. The following Common Shares subject to such options are included in the totals: 378,712 Common Shares for Mr. Dougherty; 80,000 Common Shares for Mr. Shanks; 42,796 for Ms. Bowman; 0 for Mr. Handy; and 0 for Mr. Jenn. Does not include the following aggregate number of (i) Common Share equivalents credited to such individuals accounts under the Convergys Corporation Executive Deferred Compensation Plan described in this Proxy Statement and (ii) Common Shares issuable under the time-based restricted stock units and performance-based restricted stock units granted in 2006, 2007 and 2008: 512,670 for Mr. Dougherty; 289,421 for Mr. Shanks; 45,821 for Ms. Bowman; 45,878 for Mr. Handy; and 27,000 for Mr. Jenn. Time-based restricted stock units are no longer available to Named Executive Officers (NEOs). NEOs receive, if any, performance only based awards.

Non-Management Directors/Nominees	**Shares Owned**[(1)]
Zoë Baird	17,000
John F. Barrett	73,668[(2)]
Willard W. Brittain, Jr.	0
David B. Dillon	66,400
Jeffrey H. Fox	135,000
Joseph E. Gibbs	42,500
Thomas L. Monahan III	0
Ronald L. Nelson	0
Philip A. Odeen	68,500
Barry Rosenstein	17,035,512[(3)]
Richard F. Wallman	3,000
David R. Whitwam	17,000

(1) Includes Common Shares subject to outstanding options which are exercisable by such individuals within 60 days. The following Common Shares subject to such options are included in the totals: 17,000 Common Shares for Ms. Baird and Mr. Whitwam; 51,000 Common Shares for Messrs. Dillon and Odeen; 42,500 Common Shares for Mr. Gibbs; 41,500 Common Shares for Mr. Barrett; and 0 for Messrs. Brittain, Fox, Monahan, Nelson, Rosenstein, and Wallman. Does not include the following aggregate number of (i) Common Share equivalents credited to such individual s accounts under the Directors Deferred Compensation Plan described later in this Proxy Statement and (ii) Common Shares issuable under the time-based restricted stock units granted in 2006, 2007, and 2008 to each non-management director described in

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this Proxy Statement: 32,517 for Ms. Baird; 15,932 for Mr. Barrett; 5,280 for Mr. Brittain; 13,116 for Mr. Dillon; 9,987 for Mr. Fox; 21,012 for Mr. Gibbs; 11,056 for Mr. Monahan; 5,569 for Mr. Nelson; 23,929 for Mr. Odeen; 9,987 for Mr. Rosenstein; 9,189 for Mr. Wallman; and 32,043 for Mr. Whitwam.

(2) Includes 1,568 Common Shares held directly by members of Mr. Barrett s family who have the same home address as Mr. Barrett but as to which he disclaims beneficial ownership. Does not include Common Shares held by The Western and Southern Life Insurance Company and its affiliates for which Mr. Barrett serves as Chairman of the Board, President and Chief Executive Officer. Mr. Barrett disclaims beneficial ownership of the Common Shares held by The Western and Southern Life Insurance Company and its affiliates.

(3) Includes 17,035,512 Common Shares held by JANA Partners LLC, for which Mr. Rosenstein is one of the two principals thereof. Mr. Rosenstein, as a principal, has sole voting and dispositive powers over the 17,035,512 Common Shares, which powers are exercised by the two principals of JANA Partners LLC. Mr. Rosenstein disclaims beneficial ownership of any such shares except to the extent of his pecuniary interest therein.

On March 4, 2009, Convergys directors and executive officers (a total of 23 people) beneficially owned 18,462,899 Convergys Common Shares, of which 912,008 were subject to outstanding options, representing approximately 15% of the outstanding Common Shares.

Stock Ownership Guidelines. The Compensation and Benefits Committee believes that senior management should have a significant equity interest in the Company. To promote equity ownership and further align the interests of management with our shareholders, NEOs are subject to minimum stock ownership guidelines. The ownership guidelines are as follows:

Chief Executive Officer	5 times base salary
Other US-resident NEOs	3 times base salary

Stock options, including vested stock options, and unvested performance-based restricted stock units are not included in determining whether a NEO has achieved these ownership levels. Executives subject to the guidelines have four years from the date they first become subject to the guidelines to achieve the suggested ownership level. The only NEO who has been subject to the stock ownership guidelines for four or more years is Mr. Shanks. In March 2009, Mr. Shanks is at 96% of the guideline. In March 2008, Mr. Shanks was at 100% of the guideline and has acquired additional shares since that time.

Timing of Equity Awards. Equity grants from the Long-Term Incentive Plan are made annually by the Compensation and Benefits Committee typically on a date at the end of the first quarter but within the first 90 days of the start of the year. This timing is designed to attempt to comply with the requirements of Section 162(m) and to allocate the expense appropriately. Details regarding the grants, including the terms of the grants, the recipients, the size of the grants and the date of grants are reviewed and approved by the Committee, usually during its meeting in February. In the case of stock options, the exercise price is set at the average of the high and low price on the NYSE of Common Shares on the date of grant, although the Compensation and Benefits Committee has not issued stock option grants since January 2004.

If an executive level employee is hired or promoted after the annual grant has been made, the employee may be eligible to receive an equity award. Unless the individual is an executive officer, the CEO has the authority to approve the grant within guidelines established by the Committee. The CEO is required to report to the Committee for ratification at each of its meetings any grants he has approved. If the individual is an executive officer, only the Compensation and Benefits Committee can approve an equity award.

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COMPENSATION AND BENEFITS COMMITTEE REPORT

The Compensation and Benefits Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on that review and discussion, the Compensation and Benefits Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation and Benefits Committee

David R. Whitwam, *Chair*
David B. Dillon
Joseph E. Gibbs
Philip A. Odeen

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COMPENSATION DISCUSSION AND ANALYSIS

Named Executive Officers. This report covers the current NEOs being the Company s chief executive officer and the four other policy making executives whose compensation is the highest at the Company, being Messrs. Dougherty, Shanks, Handy and Jenn, and Ms. Bowman.

Compensation Objectives. The Company s compensation program for NEOs is designed to meet the following objectives:

Align executives with shareholders.
- Incentives facilitate stock ownership and are based on performance measures that drive long-term sustained shareholder value.

Include a strong link between pay and performance, measured at all levels.
- A significant portion of compensation is at risk based on Company and individual performance. When performance is stronger than the market or comparison companies, incentives reward that performance.

Reinforce business strategy to reflect Company values.
- Incentives reward improved business growth and performance and reinforce desired competencies and behaviors, consistent with Company core values.

Ensure access to needed talent and protect talent from recruitment by competitors.
- Compensation opportunities are market competitive to attract and retain executives. An executive s compensation opportunity is commensurate with the executive s responsibilities, experience and demonstrated performance.

Over the past three years, the Company has significantly strengthened its Pay for Performance orientation that awards compensation based on Company and individual performance. The Company s objectives are designed so that as an executive s level of responsibility increases, a greater portion of the total compensation opportunity is at risk and tied directly to Company performance.

Decision Making Process. The Compensation and Benefits Committee (the Committee) reviews annually and recommends to the independent directors for approval, the compensation for the CEO. During Committee meetings at which compensation actions involving the CEO are discussed, the CEO is not present for the discussions. The Committee is responsible for bringing recommended compensation actions involving the CEO to the entire Board for its review and concurrence.

The Committee reviews annually and approves the compensation of the other executive officers. The CEO, in collaboration with the senior vice president human resources, provides recommendations regarding the general design of the Company s compensation plans for Committee approval as well as specific compensation actions involving the executive officers.

The Committee directly engages an independent outside consulting firm, Frederic W. Cook Co., Inc. (Cook), to assist in its review of the compensation for the CEO and his direct reports. This firm has no other business relationship with the Company. Management also retains an outside consulting firm, Grahall Partners (Grahall), to assist in the review and design of the compensation program, as well as preparing a market review of executive compensation.

Independent Consultant Review of Executive Compensation. In accordance with the Committee s charter, the Committee has the sole authority, to the extent deemed necessary and appropriate, to retain and terminate any compensation consultants, outside counsel or other advisors to the Committee, including having the sole authority to approve the consultant s or advisor s fees and other retention terms.

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In 2008, the Committee engaged Cook as its executive compensation consultant. When appropriate, the Committee had discussions with its consultant without management present to ensure candor and impartiality. In 2008, management retained Grahall to advise management on executive and non-employee director compensation.

Management s consultants worked directly with management to research and present information to the Committee related to compensation trends and best practices in executive and non-employee director compensation. Executive compensation databases and other resources provided by the consulting firms set the foundation for the benchmarking process, which in turn serves as part of the basis for setting levels of compensation for each of the executive officers and non-employee directors. Management s consultants may attend Committee meetings to present information and to aid in the Committee s review and analysis.

Benchmarking Process. Our compensation program is benchmarked against a peer group of companies with which we compete for business and talent. These companies represent similarly sized publicly traded human resources consulting and outsourcing firms, along with additional companies that compete in similar industries, such as business process outsourcers, transaction processors, and firms specializing in related human capital management functions. In the United States, our peer company group consists of companies that we believe most closely align with the Company s businesses, or have revenues between $900 million and $10 billion. The Committee reviews the peer group annually to determine if any change in the composition of the group is necessary. For 2008, the peer group used for survey analysis consisted of 19 companies:

Accenture LTD	DST Systems Inc.
Acxiom Corp.	Electronic Data Systems Corp.
Administaff Inc.	Fiserv Inc.
Affiliated Computer Services Inc.	Hewitt Associates Inc.
Alliance Data Systems Corp.	Paychex Inc.
Automatic Data Processing Inc.	Perot Systems Corp.
CA, Inc.	TeleTech Holdings Inc.
CDI Corp.	Unisys Corp.
Cognizant Technology Solutions Corp.	Watson Wyatt Worldwide, Inc.
Computer Sciences Corp.	

The following organizations were added to the peer group in 2008:

Acxiom Corp.	DST Systems Inc.
Administaff Inc.	Hewitt Associates Inc.
CA, Inc.	Paychex Inc.
Affiliated Computer Services Inc.	Perot Systems Corp.
Cognizant Technology Solutions Corp.	TeleTech Holdings Inc.
Computer Sciences Corp.	Watson Wyatt Worldwide Inc.

The following organizations were deleted from the peer group in 2008:

Advo Inc.	IMS Health Inc.
Avaya Inc.	Lucent Technologies
Ceridian Corp.	Nortel Networks
CheckFree Corporation	Pitney Bowes Inc.
Crown Castle International Corp.	QUALCOMM Inc.
EMC Corporation	Reynolds and Reynolds Company
Emdeon Corporation	Sabre Holdings Corp.
Equifax Inc.	Seagate Technologies
First Data Corporation	Yahoo Inc.
GTECH Holdings Corporation	

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The peer group may change from year to year. Companies are dropped primarily due to their being acquired or no longer participating in executive compensation surveys. Companies are added to replace those that are dropped based on the criteria mentioned above.

The results of the benchmark analysis are size-adjusted to reflect differences between the Company s revenue size and the revenue size of the peer group companies. For individual base salaries and annual and long-term incentive goals, the Committee typically uses as a guideline a range of +/- 15% around the 50th percentile, based on the executive s individual performance in the prior year relative to his or her peers, the executive s future potential, and the scope of the executive s responsibilities and experience. The method of setting base salaries and annual and long-term incentive goals enables the Company to attract and retain those individuals who are necessary to lead and manage the Company while enabling it to differentiate between executives and levels of performance and responsibility.

The differences between each of the NEOs compensation are related to the nature of the positions held and the different duties and responsibilities associated with their positions, as well as the executive s performance. There is no material difference in the compensation-setting process, peer group, and market goal percentiles used to determine the compensation of each of the NEOs, with the exception of the Board exercising judgment over the CEO s compensation.

Mr. Jenn is the only non-US-based NEO. He is employed in the United Kingdom and his compensation has historically been set by the Company based on market practice and survey data for the United Kingdom. The differences in his compensation and benefits from the other NEOs are discussed in this Compensation Discussion and Analysis.

Components of Our Executive Compensation. The Company uses a mix of the following executive compensation components:

- Base Salary
- Annual Incentive
- Long-Term Incentive
- Perquisites
- Retirement and Welfare
- Change in Control and Severance

Total Compensation Philosophy and Mix of Compensation. The Company strives to maintain programs that are market competitive and meet the objective of providing performance-based compensation with the appropriate mix of base salary and short and long-term incentives. As indicated below, the mix is designed so that as an executive s level of responsibility increases, a greater portion of the total compensation opportunity is at risk and tied directly to the Company s long-term performance.

The following table shows our 2008 compensation mix, at target:

	Target 2008 Compensation Mix			
	Base Salary	**Short-term Incentives**	**Long-term Incentives**	**Total**
Chief Executive Officer				
Mr. Dougherty	20%	22%	58%	100%

Other Named Executive Officers				
Mr. Shanks	30%	25%	45%	100%
Ms. Bowman	42%	27%	31%	100%
Mr. Handy	43%	27%	30%	100%
Mr. Jenn	56%	26%	18%	100%

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The table below indicates compensation mix based on actual compensation received for 2008, including amounts vested in 2008 for time-based restricted stock units. Short-term Incentives (the Annual Incentive Plan) represents zero percent of the total as no payout was earned. The Long-term Incentive component represents the value realized from TRSU vesting in 2008:

	Actual 2008 Compensation Mix			
	Base Salary	Short-term Incentives	Long-term Incentives	Total
Chief Executive Officer				
Mr. Dougherty	32%	0%	68%	100%
Other Named Executive Officers				
Mr. Shanks	53%	0%	47%	100%
Ms. Bowman	70%	0%	30%	100%
Mr. Handy	100%	0%	0%	100%
Mr. Jenn	86%	0%	14%	100%

Explanation of Compensation Components

Base Salaries. Base salaries are designed to reward NEOs for their performance, experience and skills. Increases in base salaries are used to further reward executives for their excellent performance and for taking on new responsibilities. Rewarding top performers with base salary increases supports our pay for performance objective.

Based on the CEO s and Committee s evaluation of their performance, and the use of the benchmarking process, the base salaries for the NEOs were approved for 2008 by the Committee. In the case of the CEO, the Committee recommended and the Board approved the 2008 base salary for Mr. Dougherty. There was no increase of his base salary for 2008 or 2009.

For 2008 and 2009, Messrs. Shanks and Jenn also did not receive any merit increases to their base salary. Mr. Handy and Ms. Bowman did receive base pay increases effective January 1, 2008 based on increased responsibilities, performance, and market competitiveness. The increase was in the amount of $15,000 and $30,000, respectively. Mr. Handy and Ms. Bowman received no base salary increase for 2009.

Annual Incentives. The Committee has designed the annual incentive compensation to meet its pay for performance objective to provide market competitive pay and to reward an NEO for exceptional Company and individual performance. Actual incentive awards will fluctuate year to year based on Company and individual performance results.

For the CEO, the Committee reviews and then recommends to the Board for approval the annual incentive compensation amount based upon the Company s performance and the CEO s individual performance. For the other NEOs, the Committee reviews and then determines the annual incentive award amount for each NEO based on the Company s performance and his or her individual performance.

For 2008, the determination of the annual incentive award was based on an equal weighting of two components:

the Company s Performance and the

Individual s Performance.

The annual incentive award is the sum of the levels of achievement of the Company s Performance and Individual s Performance components.

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In 2008, since the Company did not meet the requisite levels of achievement for the adjusted earnings per share (Adjusted EPS) goal, no annual incentive payments were awarded to NEOs. While many of the Individual Performance goals were met, and the Company made progress on performance improvements, the Annual Incentive Plan pool was not funded. The Committee has discretion to adjust the Individual Performance component of an NEOs annual incentive award to an amount within +/- 25 percent based on the NEOs total evaluation. No adjustments were made in the NEOs awards for 2008.

Company Performance Category. The Company determines Company Performance by measuring the level of achievement of the Adjusted EPS. The Adjusted EPS goal is used solely for compensation purposes, and is not the same as the earnings per share reported by the Company in its other periodic reports and press releases. It represents the Company s earnings per share less earnings attributable to the investment in the cellular partnerships of the Company and the effect of the share repurchase program. The Company excludes these earnings because we believe it is necessary to not reward the NEOs for earnings that they did not have an active role in attaining. Because the Company missed its Adjusted EPS goal, the Annual Incentive Plan for 2008 was not funded.

As reflected by historic performance results, attainment of the goal is neither easy nor certain but is attainable with stronger than expected performance:

- in 2008 performance against the Adjusted EPS goal failed to meet expectations, resulting in a 0% payout; and

- in 2007 performance against the Adjusted EPS goal was better than 2008, but still failed to meet expectations, resulting in a 69.5% payout.

Individual Performance Category. In 2008, achievement of the Individual Performance category of annual incentive compensation would have generated a partial payout had performance against Adjusted EPS been achieved. For 2008, the percentage achievement of the Company s Performance as determined for the Individual Performance Category was 0%.

The Committee uses many financial, business and operational performance measures in the determination of the Individual Performance component for each NEO. While the objectives differ for each NEO depending on his or her responsibilities, they generally break down as follows: 80% is based on the NEOs level of achievement of his or her business goals and performance measures including client satisfaction, net revenue and operating income; and 20% is based on the degree to which the NEO exhibited core leadership competencies in carrying out his or her responsibilities and achieving the business goals and performance measures.

The Committee sets challenging performance goals to motivate high business performance and support attainment of the Company s longer-term financial objectives. These goals are designed to be challenging to attain and typically would not be achieved every year. The Committee believes that obtaining the higher level or greater payout would typically be achieved less frequently than the achievement of the annual goal.

Any single performance measure and its goal are not likely to be deemed material to the overall determination of compensation, since it is only one of the many measures and goals used by the Committee in determining overall incentive compensation. The Committee does not publish specific goals or targets for the financial measures since they are confidential information and if disclosed, would create substantial competitive harm to the Company. For example, disclosure of the specific goals would signal where the Company is shifting strategic focus, giving our competitors unfair insight into our strategic plans, and impairing the Company s ability to leverage these actions for competitive advantage. The mention of the performance measures above is for illustrative purposes only.

Long-Term Incentives. Based on the Company s executive compensation objective of rewarding long-term performance, long-term incentives are awarded primarily in the form of equity in the Company and are designed to motivate performance toward the long-term goal of increasing shareholder return.

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To strengthen the link between compensation and performance, the Committee moved to performance only based long-term incentive awards for the NEOs and executive officers in 2008. In this way, the NEO receives the equity award only if the performance goal is met. This was done to further align the interests of the executives with the long-term performance interests of the shareholders, thereby meeting the Company s program objective of Pay for Performance.

The Company s long-term incentive program for 2008 was comprised of the following two components:

Performance-Based Restricted Stock Units. Awarded in the form of performance-based restricted stock units, that are earned based on total shareholder return compared to the total shareholder return of companies within the S&P 500 index (excluding the Company).

Performance Cash Units. Awarded in the form of Performance Cash Units that provide compensation in excess of the long-term incentive award if our total shareholder return relative to all other S&P 500 companies exceeds the 50th percentile. The maximum award as reported in the Grants of Plan-Based Awards Table (see footnote 2) requires that Company performance meet the 80th percentile of the S&P total shareholder return for a three year performance period.

This combination of awards:

provides a direct link between pay and performance since our stock price can be driven by both market conditions and Company performance;

is consistent with market trends in executive compensation and long-term incentives; and

minimizes compensation expense as compared to other forms of equity compensation.

Below is a description of the key features of the 2008 performance-based restricted stock units and performance cash units.

Performance measure. The Company s total shareholder return for a performance period is determined by comparing (a) the average closing price of our stock on each trading day occurring during the fourth quarter of the year immediately preceding the start of the performance period to (b) the average closing price of our stock for each trading day occurring during the fourth quarter of the final year of the performance period. The total shareholder return for each S&P 500 company is determined by comparing (a) the closing price of the stock of each company on the trading day immediately preceding the start of the performance period to (b) the closing price of the stock of each company on the last trading day of the performance period. Dividends paid, if any, are added to the change in total shareholder return. The Committee believes that using total shareholder return over a three year period is the best way to tie executive compensation to the creation of long-term value for shareholders.

Performance goals. Performance must be at the 25th percentile before any portion of the restricted stock units vest and full vesting occurs only if performance is at or above the 50th percentile. At the 25th percentile, payout of 50% of the performance-based restricted stock unit award is made. For performance cash units, the minimum threshold performance before any payout is made is performance above the 50th percentile and full payout occurs only if performance is at or above the 80th percentile.

Timing of Payout. Performance-based awards are generally paid out after the end of the performance period and certification of the performance results by the Committee.

The average closing price of Common Shares for each trading day during the fourth quarter of 2006 was $15.99. The average closing price of Common Shares for each trading day during the fourth quarter of 2008 was $7.83. Thus the Company s total shareholder return for the period 2006 through 2008 was a negative 51%, placing the Company in the 23rd percentile when compared to the total shareholder return of the S&P

500 peer group.

In 2008, the 2006 performance-based restricted stock units or performance cash units were set to vest for payout. Per the approved payout schedule and the performance of the Company, none of the 2006 performance-based restricted stock units or performance cash units were paid or awarded to the NEOs.

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All of the performance-based long-term incentive awards are granted under the terms of the Convergys Corporation Long-Term Incentive Plan, a plan that is intended to meet the requirements of Code Section 162(m) for deductible compensation. All long-term incentive awards contain a claw back provision that provides for the forfeiture of outstanding awards and requires return of any income recognized with respect to awards that were paid out within the last six months if the employee engages in activity detrimental to the Company, such as disclosing confidential information, competing with the Company, or interfering with client relationships.

Perquisites. The Company provides limited perquisites to assist in the attraction and retention of the NEOs and, in the case of certain perquisites, to promote their health and safety.

Long-Term and Short-Term Disability Benefits. The Company provides the executive officers with a replacement income benefit of 15% of average monthly compensation in addition to the normal replacement income benefit of 60% in the event of a long-term disability (subject to a combined maximum monthly benefit of $22,500 per month). In the case of a catastrophic long-term disability, the plan provides a replacement income benefit of up to 100% of the executive officer s average monthly compensation. The Company also provides a short-term disability benefit to the executive officer that provides a replacement income benefit of 100% of the executive s average monthly compensation for up to 52 weeks in the event of a disability, versus 60% and 26 weeks for other employees.

Annual Physicals. For 2008, the Company provided the US-based NEOs the opportunity for an annual physical examination. In 2008, those NEOs who had an annual physical were permitted to seek reimbursement from the Company for any out of pocket costs not covered by the Company s broad-based medical plan. No NEO made such request for reimbursement.

Personal Use of Company Aircraft. The Company permits the US-based NEOs to use the Company leased aircraft for limited personal travel. If space is available, their family members may accompany them. The value of part of this benefit is taxable income to the executive. In 2008, only Mr. Dougherty utilized this benefit with $12,066 of taxable income reported in footnote 5 of the Summary Compensation Table.

Retirement

Retirement Benefits. The Company provides the US-based NEOs with qualified and non-qualified retirement and savings plan benefits. Market survey data indicate that these benefits are comparable to benefits provided by other companies in our peer group. Mr. Jenn, who is located in the UK, does not participate in any of the plans listed in this section. He does, however, receive an annual contribution equal to eight percent of his compensation under a UK pension scheme.

To allow its executives to benefit from the favorable features of a qualified plan (up to the permissible limits), the Company has structured its retirement benefits so that the executives retirement benefits are provided through both qualified and non-qualified savings and pension plans. Each executive, excluding Mr. Jenn, participates in one (but not both) of two non-qualified pension plans; either the non-qualified excess pension plan or the Supplemental Executive Retirement Plan (SERP).

Effective April 1, 2008, the Company s US qualified pension plan and the non-qualified excess benefit plan were frozen. No additional benefits will accrue to any of the NEOs under these plans after March 31, 2008.

Non-Qualified Excess Pension Plan. The Company s non-qualified excess pension plan provides a pension benefit to employees whose pension benefit under the qualified pension plan is reduced or capped due to Internal Revenue Service limitations applicable to that plan. Mr. Handy is currently eligible to receive a benefit under this plan; however, once he becomes vested in a benefit under the SERP, he is no longer eligible to receive a benefit under the Non-Qualified Employee Pension Plan. Messrs. Dougherty and Shanks and Ms. Bowman are not eligible for participation in this plan since they have vested in the SERP.

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Supplemental Executive Retirement Plan. The SERP provides an enhanced pension benefit designed to attract and retain certain top executives. The annual benefit under the SERP is 50% of the executive s final average pay (reduced by the executive s qualified pension benefit and non-qualified excess pension plan). This benefit is reduced if the executive has not attained at least age 62 and completed 25 years of service at retirement. The reduction is 3.5% for each year of age under age 62 and 3.5% for each year of service under 25 years. Participants become vested upon completing five years of service. Final average pay is defined as the executive s highest base salary and annual incentive target over the last five years of his or her career.

Messrs. Dougherty, Shanks, Handy and Ms. Bowman are participants in the SERP. With the exception of Mr. Handy, all NEOs are vested in the SERP. Mr. Shanks and Mr. Handy receive additional service credits under the SERP. For purposes of calculating Mr. Shanks and Mr. Handy s benefit under the SERP at termination, each will be credited with one additional year of service for each year of service completed, until a maximum of 25 years of service credit is reached for Mr. Shanks, and up to a maximum of five years of additional service credit for Mr. Handy.

In 2007, Mr. Dougherty and Mr. Shanks agreed to a modification of their SERP benefit that froze their pay for purposes of the SERP calculation at their 2007 compensation level.

Executive Deferred Compensation Plan. The Executive Deferred Compensation Plan is a non-qualified savings plan offered to approximately 800 of the Company s senior management employees. The plan enables these individuals to defer compensation in excess of the limits that apply to qualified plans, like the Company s 401(k) plan, and provides for a Company matching contribution. Earnings on amounts credited to the plan are determined by the investment options selected by each participant that are similar to those offered to participants under the Company s 401(k) plan.

Welfare Benefits. Except as otherwise stated in this Compensation Discussion and Analysis, the Company provides the US-based NEOs with the same health and welfare benefits generally provided to other employees, at the same contribution rates. Mr. Jenn is provided with company-paid health insurance for himself, his spouse and children through a UK-based plan.

Post-Retirement Health Care Benefit. Messrs. Dougherty and Shanks are eligible for the same company-subsidized post-retirement health care benefit that is generally available to all corporate employees and Information Management employees hired prior to January 1, 2004. Mr. Handy and Ms. Bowman will be provided with access, at their cost, to the same post-retirement health care benefits that are generally available to employees hired after December 31, 2003.

Executive Life Insurance. In 2008, the Company replaced the US-based NEOs, as well as other executive level employees endorsement split-dollar life insurance policies. The Company elected to use Group Variable Universal Life insurance policies to fund this benefit. The benefit continues to equal three times base salary (minus $50,000 covered under the basic group life plan) during employment. The Company no longer pays for the cost of one times base salary upon retirement. This life insurance benefit is a taxable benefit. The Company provides a gross-up for taxes owed as a result of the imputed income associated with this benefit.

Severance, Change in Control and Employment Arrangements. Effective December 9, 2008, the Company adopted a new Convergys Corporation Severance Pay Plan (Severance Plan) in its effort to move from an offer letter and employment agreement severance approach to a more policy-based approach that would apply to all eligible employees. The Severance Plan provides severance pay and outplacement counseling benefits to US-resident eligible employees, including the NEOs. The Severance Plan also entitles eligible employees to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). The Severance Plan superceded the Employee Protection Plan previously in effect for employees of the Company.

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The Committee believes that the NEOs should be free of distraction in circumstances arising from the possibility of a change in control of the Company. Accordingly, the Company has also provided in the Severance Plan for certain benefits intended to keep executives neutral to job loss when faced with the need to (a) support value maximizing corporate transactions that could result in their personal job loss, (b) help the Company retain key executives during major corporate transactions, and (c) provide competitive and fair severance arrangements to executives to allow smooth transition to new employment should their job be eliminated following a change in control.

The employment agreements for Messrs. Dougherty and Shanks expired on December 31, 2008. Effective January 1, 2009, their severance is now calculated in accordance with the Company s Severance Plan. This new Severance Plan results in lower severance payments in the events of a termination without cause and a termination with a change in control. *See Change in Control and Severance Arrangements Table.*

Ms. Bowman and Mr. Handy have employment letters that were amended effective December 30, 2008 in order to comply with Code Section 409A. Their severance arrangements will be governed by their employment letters (or the new Severance Plan if it provides a greater benefit) until their employment letters terminate; May 31, 2010 for Ms. Bowman, and December 31, 2011 for Mr. Handy. After these dates, the severance benefits for both Ms. Bowman and Mr. Handy will be governed by the Severance Plan.

The current employment letters for Mr. Handy and Ms. Bowman provide for a minimum level of base salary but do not guarantee future levels of annual incentive or long-term incentive compensation. Base salary and annual and long-term incentive goals are set each year using the methodology described above. Each of them may be terminated by the Company without notice, and with or without cause, subject to the severance provisions of the employment letters.

Mr. Jenn s agreement requires the Company to provide six months notice of termination. His compensation and benefits must continue for the six month notice period regardless of whether or not he continues to perform services for the Company.

Please refer to the Change in Control and Severance Arrangement Table and the Summary of Severance Payments chart for information relative to each NEOs severance arrangement.

Recent Impacts in Compensation. In addition to adoption of the new Severance Plan discussed above, the following changes in total compensation practice impact the Company s NEOs:

- NEOs did not receive any increase in base pay in 2009.
- All incentive arrangements for NEOs are now 100% performance-based.
- A freeze of benefit accruals under the Company s pension plan and non-qualified excess pension plan coupled with a 1% increase in the matching contribution under the Company s 401(k) and deferred compensation plans became effective April 1, 2008.

Tax and Accounting Treatment of Executive Compensation. Favorable accounting and tax treatment of the various elements of our compensation program is an important but not a controlling consideration of its design. Section 162(m) of the Code limits the deductibility of certain items of compensation to $1,000,000 annually. The Committee has approved the Company s short-term and long-term compensation design in an attempt to maximize the amount deductible when in its judgment it is in the best interest of the Company and its shareholders. Deductibility can, however, depend upon the timing of an executive s vesting or exercise of previously granted rights.

The 2009 annual incentive design and award targets were approved by the Compensation and Benefits Committee at its meeting held on December 9, 2008, effective for the performance period beginning January 1, 2009. Fifty percent of the award is payable based on attainment of the Adjusted EPS goal. The other 50% of this award is payable based on attainment of pre-established individual goals.

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Part of Messrs. Dougherty s and Handy s and Ms. Bowman s annual incentive award is payable pursuant to the Annual Executive Incentive Plan, a plan designed to satisfy the requirements of Section 162(m) of the Code. Performance-based restricted stock units, performance cash units and restricted stock awards are awarded under and pursuant to the Convergys Corporation Long-Term Incentive Plan, as amended. The size and other terms and conditions of the awards, including a grant date of March 28, 2008 were approved by the Compensation and Benefits Committee at its meeting held on February 13, 2008.

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SUMMARY COMPENSATION TABLE

This table covers the current NEOs and summarizes the total compensation paid to or earned by each of the NEOs for the most recent fiscal year ended December 31, 2008 and compensation paid to or earned by the NEOs if they were NEOs for fiscal year ended December 31, 2007 and December 31, 2006.

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[4]	All Other Compensation ($)[5]	Total ($)
David F. Dougherty	2008	$ 777,780	$ 0	$ 2,024,037	$ 0	$ 0	$ 466,720	$ 23,880	$ 3,292,417
President and Chief Executive	2007	$ 710,000	$ 0	$ 2,339,555	$ 0	$ 591,521	$ 0	$ 77,700	$ 3,718,776
Officer	2006	$ 563,333	$ 0	$ 1,674,871	$ 18,097	$ 738,365	$ 0	$ 42,806	$ 3,037,472
Earl C. Shanks	2008	$ 497,780	$ 0	$ 570,175	$ 0	$ 0	$ 218,520	$ 44,243	$ 1,330,718
Chief Financial Officer	2007	$ 485,000	$ 0	$ 1,134,838	$ 0	$ 284,373	$ 0	$ 89,465	$ 1,993,676
	2006	$ 455,000	$ 0	$ 1,117,651	$ 135,356	$ 466,255	$ 170,644	$ 77,028	$ 2,421,934
Karen R. Bowman	2008	$ 365,272	$ 0	$ 184,882	$ 0	$ 0	$ 284,574	$ 12,845	$ 847,573
Senior Vice President, General Counsel and Corporate Secretary	2007	$ 308,333	$ 0	$ 305,230	$ 0	$ 128,665	$ 0	$ 227,137	$ 969,365
Clark D. Handy	2008	$ 326,530	$ 0	$ 280,464	$ 0	$ 0	$ 52,138	$ 26,885	$ 686,017
Senior Vice President, Human Resources	2007	$ 300,000	$ 0	$ 183,839	$ 0	$ 144,143	$ 22,369	$ 237,025	$ 887,376
Jean-Hervé Jenn[6]	2008	$ 476,375	$ 0	$ 122,437	$ 0	$ 0	$ 0	$ 74,968	$ 673,780
Senior Vice President, President IMG International Management	2007	$ 509,081	$ 0	$ 238,841	$ 0	$ 204,839	$ 0	$ 65,871	$ 1,018,632

(1) Mr. Dougherty received a base salary increase to $765,000 upon his promotion to CEO in April, 2007. The difference in base salary reflected from 2007 to 2008 is the impact of that promotional increase annualized in 2008, plus the increase of his base salary to include his annual car allowance. Each NEO s annual car allowance was incorporated into his/her respective base salary in 2008.

(2) This dollar amount is the amount recognized for financial statement reporting purposes for each year in accordance with FAS 123R, adjusted for forfeitures. The FAS 123R calculation attributes stock award expense to the 2008 performance year based on proportional vesting occurring in 2008, even though this value was not actually received by the NEO in 2008. Some of the performance restricted stock unit cost was reversed because the performance criteria was not met. The reductions in this column are as follows:

	2008 Forfeitures	2007 Forfeitures	2006 Forfeitures
Mr. Dougherty	($ 873,288)	($ 21,911)	($ 47,898)
Mr. Shanks	($ 500,088)	($ 20,144)	($ 44,034)
Ms. Bowman	($ 116,965)	($ 3,236)	$ 0
Mr. Jenn	($ 58,473)	($ 1,767)	$ 0

Refer to the Option Exercises and Stock Vested table to see what each NEO actually received in 2008 from equity-based incentives.

(3) No annual incentive plan payout was received based on 2008 results. The Performance Cash Plan 2006 performance period cycle ending December 31, 2008 also resulted in no payout.

(4) Represents change in pension value. The change in the pension value is generally attributable to an additional year of accrual offset by an increase in the discount rate and a change in the mortality table. The assumptions used to calculate pension values as of December 31, 2007 and December 31, 2008 which were used in determining the change in pension value are described in footnote 3 to the Pension Benefits Table. The Company does not provide for above-market or

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preferential earnings on non-qualified deferred compensation. For 2007, all values (with the exception of Mr. Jenn) were negative; however, the SEC rules require the insertion of $0 were any amount in this box would be negative. Mr. Jenn s right to receive a pension and the value of such pension is determined by U.K. law, and as such, the change in amount is indeterminable.

(5) Perquisite items exceeding the greater of $25,000 or 10% of all perquisites and nonperquisite items exceeding $10,000 for 2008, including:

Name	EDCP Co. Match or UK Pension	Automobile Allowance	Corp. Aircraft Usage
Mr. Dougherty			$ 12,066
Mr. Shanks	$ 25,405		
Mr. Handy	$ 12,669		
Mr. Jenn	$ 38,110	$ 22,200	

Note, for 2007, under All Other Compensation, Ms. Bowman and Mr. Handy had relocation expenses (Gross Up/Reportable) of $194,343, and $201,424, respectively.

(6) Mr. Jenn is employed in the United Kingdom and compensation paid to him is paid in British pounds. For purposes of reporting payments in the Summary Compensation Table and other tables included in this Proxy Statement, payment amounts were converted to US dollars using the average daily exchange rate from January 1, 2008 to December 31, 2008, where one US dollar equals 1.85 British pounds.

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GRANTS OF PLAN-BASED AWARDS

The table below provides earnings opportunity (at target and maximum) information about the plan-based awards granted for the fiscal year ended December 31, 2008.

Name	Grant Date	Different Action/ Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target ($)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	Estimated Future Payouts Under Equity Incentive Plan Awards Maximum (#)	Grant Date Fair Value of Stock Awards ($)(4)
David F. Dougherty	1/1/08(1)	12/4/07	$ 860,000	$ 1,720,000	0	0	0
	3/28/08(2)	2/13/08	$ 0	$ 3,260,000	0	0	0
	3/28/08(3)	2/13/08	$ 0	$ 0	188,334	188,334	$ 2,271,308
Earl C. Shanks	1/1/08(1)	12/4/07	$ 417,500	$ 835,000	0	0	0
	3/28/08(2)	2/13/08	$ 0	$ 1,035,000	0	0	0
	3/28/08(3)	2/13/08	$ 0	$ 0	63,842	63,842	$ 769,935
Karen R. Bowman	1/1/08(1)	12/4/07	$ 237,500	$ 475,000	0	0	0
	3/28/08(2)	2/13/08	$ 0	$ 225,000	0	0	0
	3/28/08 (3)	2/13/08	$ 0	$ 0	22,345	22,345	$ 269,481
Clark D. Handy	1/1/08(1)	12/4/07	$ 207,500	$ 415,000	0	0	0
	3/28/08(2)	2/13/08	$ 0	$ 290,000	0	0	0
	3/28/08 (3)	2/13/08	$ 0	$ 0	18,862	18,862	$ 227,476
Jean-Hervé Jenn	1/1/08(1)	12/4/07	$ 214,652	$ 429,304	0	0	0
	3/28/08(2)	2/13/08	$ 0	$ 155,000	0	0	0
	3/28/08(3)	2/13/08	$ 0	$ 0	13,000	13,000	$ 156,780

(1) Non-equity annual incentive award for 2008, the amount and performance criteria for which was approved by the Compensation and Benefits Committee at a meeting held on December 4, 2007. Payouts can range from a minimum of $0 up to a maximum of 200% of the goal amount. Actual payouts for 2008 are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above.

(2) On February 13, 2008 the Committee approved the non-equity long-term incentive performance cash unit awards and the amount and performance criteria. No cash unit awards were paid to any of the NEOs based on 2008 performance. The awards are designed to reward for relative total shareholder return over the three consecutive year period ending December 31, 2010 above the 50th percentile. Payouts can range from a minimum of $0 up to the maximum dollar amounts reflected in this table. In the event of death or termination without cause prior to the end of the performance period, payout is made based on performance through the end of the year preceding the year of termination. In the event of a change in control, the award pays out based on performance through the date of the change in control. In the event of voluntary termination (other than retirement or disability) prior to the end of the performance period, the award is forfeited.

(3) On February 13, 2008 the Committee approved the long-term equity incentive award in the form of performance-based restricted stock units and the amount and performance criteria. The award is designed to incent relative total shareholder return performance over the three consecutive year period ending on December 31, 2010. Payouts can range from a minimum of 0 shares (for performance below the 24th percentile) up to a maximum of the target number of shares (for performance at or above the 50th percentile). In the event of death or a change in control, the award pays out immediately at the target level. In the event of termination without cause prior to the end of the performance period, payout is made based on performance through the end of the year preceding the year of termination. In the event of voluntary termination (other than retirement or disability) prior to the end of the performance period, the award is forfeited.

(4) Computed in accordance with FAS 123R.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table, footnotes and narrative describe equity awards granted to the NEOs under the Convergys Corporation Long Term Performance Plan that were outstanding as of December 31, 2008:

	Option Awards			Stock Awards			
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)[1]**	**Market Value of Shares or Units of Stock That Have Not Vested ($)[2]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[3]**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[4]**
David F. Dougherty	79,524	$ 22.219	1/4/09				
	100,000	$ 29.532	1/3/10				
	25,000	$ 44.282	6/1/10				
	100,000	$ 43.625	1/2/11				
	75,000	$ 36.670	1/2/12				
	3,712	$ 12.550	1/31/13				
	75,000	$ 11.550	2/25/13				
				54,300 (5)	$ 348,063		
						54,300 (6)	$ 348,063
				64,673 (7)	$ 414,554		
						64,673 (8)	$ 414,554
				60,000 (10)	$ 384,600		
						188,334 (11)	$ 1,207,221
Earl C. Shanks	80,000	$ 16.040	11/13/13				
				31,100 (5)	$ 199,351		
						31,100 (6)	$ 199,351
				28,119 (7)	$ 180,243	0	0
						28,118 (8)	$ 180,236
						63,842 (11)	$ 409,227
Karen R. Bowman	5,500	$ 22.219	1/4/2009				
	12,000	$ 29.532	1/3/2010				
	13,000	$ 43.625	1/2/2011				
	15,000	$ 36.670	1/2/2012				
	2,796	$ 12.550	1/13/2013				
				10,000 (5)	$ 64,100		
						10,000 (6)	$ 64,100
				6,000 (7)	$ 38,460		
						6,000 (8)	$ 38,460
						22,345 (11)	$ 143,231
Clark D. Handy				10,000 (9)	$ 64,100		
				8,308 (7)	$ 53,254		