

# CONVERGYS

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November 24, 2003

Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street NW  
Washington, DC 20549-0609

**James E. Orr**  
Chairman, President  
and Chief Executive Officer

**Re: File No. S7-79-03**

Dear Mr. Katz:

I am the Chairman, President and CEO of Convergys Corporation, a New York Stock Exchange listed corporation based in Cincinnati, Ohio with approximately \$2.5 billion in annual revenues and more than 50,000 employees worldwide. I appreciate this opportunity to provide comments on the Securities and Exchange Commission ("SEC") proposal to require companies to include shareholder nominees for director in company proxy materials under certain circumstances.

Convergys agrees with Congress, the SEC and the NYSE that corporate boards and management must hold themselves to the highest standards of corporate governance. We strongly supported the Sarbanes-Oxley Act of 2002, and appreciate the SEC's implementation efforts. We also support and fully comply with the proposed NYSE and NASDAQ corporate governance listing standards.

However, we believe that complicating the director election process by requiring companies to include shareholder nominees in their proxy materials is not good corporate governance and, in fact, will enhance special interest groups' access to boardrooms. Further, the proposed rules go far beyond the SEC's stated intent of targeting a small number of unresponsive companies and will impact many U.S. public companies – regardless of their corporate governance practices or their responsiveness to shareholders.

In fact, the proposed trigger based on a majority-vote shareholder proposal for direct access would apply to any company, not merely those companies that have failed to respond to shareholder concerns. Moreover, the trigger based on a director's receipt of more than 35 percent of "withhold" votes would not give the board and its nominating committee an opportunity to respond to shareholder concerns about a director before the company's proxy process is deemed ineffective.

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The possible third trigger, a company's failure to implement a majority-vote shareholder proposal (other than a "direct access" proposal), does not demonstrate the ineffectiveness of the proxy process. Finally, the proposed thresholds for shareholders to submit a proposal to active access and to nominate directors are too low to justify the cost and substantial disruption of the proxy contests that would result.

We believe the SEC should allow the corporate governance reforms adopted by Congress, the SEC and the NYSE to be fully implemented before proceeding with additional regulation. With the strengthened role and independence of Boards and Nominating Committees and the enhancement of shareholder-director communications, we believe that the issues that led to proposals for shareholder access will be addressed. If the SEC ultimately concludes that changes in the director election process are required, then we believe it is essential to substantially revise the proposed rules to better target them to non-responsive companies.

Thank you for considering these concerns about the proposed rules. If you would like to discuss these comments, please do not hesitate to contact me at (513) 723-3400.

Sincerely,



James F. Orr  
Chairman, President and  
Chief Executive Officer