

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

**FORM S-8  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933**

**TELETECH HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**84-1291044**  
(I.R.S. Employee  
Identification No.)

**917 S. Peoria Street  
Englewood, Colorado 80112  
(303) 397-8100**

(Address, including zip code, and telephone number, including area code, of registrant's executive offices)

**AMENDED AND RESTATED TELETECH HOLDINGS, INC. 1999 STOCK OPTION AND INCENTIVE PLAN**  
(Full title of the plan)

**James B. Kaufman, Esq.**  
Executive Vice President, General Counsel & Secretary  
TeleTech Holdings, Inc.  
917 S. Peoria Street  
Englewood, Colorado 80112  
(303) 397-8100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**CALCULATION OF REGISTRATION FEE**

Title of Securities to be Registered	Amount to be registered (1)	Proposed maximum Offering price per share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common Stock, par value \$.01 per share	4,000,000	\$ 7.85	\$ 31,400,000	\$ 2,888.00

- (1) Pursuant to Rule 416 under the Securities Act of 1933, this registration statement covers, in addition to the number of shares of Common Stock shown above, an indeterminate number of shares that may be issued as a result of anti-dilution provisions contained in the Plan.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) and 457(h) under the Securities Act of 1933, as amended.
- (3) The registration fee, \$2,888.00, has been calculated as follows: 0.000092 of \$7.85 (the average of the high and low sales prices of the Company's Common Stock as reported on the Nasdaq National Market on July 15, 2002) multiplied by the 4,000,000 shares of Common Stock registered hereby.

## EXPLANATORY NOTE

Pursuant to Instruction E of Form S-8, this Registration Statement registers an additional 4,000,000 shares of Common Stock, \$.01 par value per share, of TeleTech Holdings, Inc. (“TeleTech” or the “Company”), issuable under the Amended and Restated TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan (the “1999 Plan”). On July 7, 1999, the Company filed Registration Statement No. 333-82405 with the Securities and Exchange Commission (“SEC”) to register 5,000,000 shares under the 1999 Plan and on October 2, 2000, the Company filed Registration Statement No. 333-47142 with the SEC to register an additional 5,000,000 shares under the 1999 Plan. We incorporate the contents of Registration Statement Nos. 333-82405 and 333-47142 by reference to the extent not amended hereby.

### **INFORMATION REGARDING FINANCIAL STATEMENTS INCORPORATED BY REFERENCE INTO THIS REGISTRATION STATEMENT**

On May 10, 2002, we appointed Ernst & Young LLP to replace Arthur Andersen LLP (“Andersen”) as our independent auditors. Our consolidated balance sheets as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders’ equity and cash flows for each of the three years ended December 31, 2001 incorporated by reference in this Registration Statement have been audited by Andersen, as stated in their report dated February 8, 2002, which is incorporated by reference herein. After reasonable efforts, we have been unable to obtain Andersen’s consent to the incorporation by reference into this Registration Statement of Andersen’s report with respect to these financial statements. Under these circumstances, Rule 437a under the Securities Act of 1933 permits us to file this Registration Statement without a written consent from Andersen. The absence of such consent may limit recovery by investors on certain claims. In particular, and without limitation, investors will not be able to assert claims against Andersen under Section 11 of the Securities Act of 1933 for any untrue statements of material fact contained, or any omissions to state a material fact required to be stated, in those audited financial statements. In addition, the ability of Andersen to satisfy any claims (including claims arising from Andersen’s provision of auditing and other services to us) may be limited as a practical matter due to recent events involving Andersen.

## PART I

### INFORMATION REQUIRED IN SECTION 10(A) PROSPECTUS

Note: The document(s) containing the information concerning the 1999 Plan required by Item 1 of Form S-8 and the statement of availability of registrant information, 1999 Plan information and other information required by Item 2 of Form S-8 will be sent or given to employees as specified by Rule 428 of the Securities and Exchange Act of 1933, as amended (the "Act"). In accordance with Rule 428 of the Act and the requirements of Part I of Form S-8, such documents are not being filed with the SEC either as part of this registration statement or as prospectuses or prospectus supplements pursuant to Rule 424 of the Act. We will maintain a file of such documents in accordance with the provisions of Rule 428 of the Act. Upon request, we will furnish the SEC or its staff with a copy or copies of any or all documents included in such file.

## PART II

### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

#### Item 3. Incorporation of Documents by Reference.

The SEC allows us to "incorporate by reference" certain information that we file with the SEC. Information incorporated by reference is considered a part of this Registration Statement and later information filed with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents. We incorporate by reference the documents listed below and any future filings made pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act.

1. Our Annual Report on Form 10-K for the year ended December 31, 2001;
2. Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002;
3. Our current reports on Form 8-K filed on January 17, 2002 and May 16, 2002; and
4. The description of our common stock, par value \$.01 per share ("Common Stock") contained in our Registration Statement on Form 8-A which was filed on July 19, 1996 pursuant to Section 12 of the Exchange Act.

Any statement contained in a document incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document that is incorporated herein by reference modifies or supersedes such earlier incorporated statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

**Item 4. Description of Securities.**

Not applicable. (The Common Stock is registered under Section 12 of the Exchange Act).

**Item 5. Interests of Named Experts and Counsel.**

Not applicable.

**Item 6. Indemnification of Directors and Officers.**

TeleTech's certificate of incorporation and bylaws provide that TeleTech will indemnify, to the fullest extent permitted by Delaware General Corporation Law, all directors, officers, employees and agents of TeleTech in defending any civil, criminal, administrative or investigative action, suit or proceeding. Delaware General Corporation Law grants each corporation the power to indemnify any or all of its directors, officers, employees or agents who were or are a party or are threatened to be made parties to an action of any kind by reason of the fact of such persons' connection with the corporation but only when such persons' conduct is determined to be worthy of indemnification. To the extent that a director or officer of a corporation has been successful in defense of any action, suit or proceeding, he or she will be indemnified against all costs, charges and expenses, including attorneys' fees, actually and reasonably incurred by him or her or on his or her behalf. Modification or repeal of this provision will not increase the personal liability of any director, officer, employee or agent of TeleTech for any act taking place prior to such modification or repeal.

The Registrant maintains liability insurance for the benefit of its directors and officers.

**Item 7. Exemption From Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
5.1	Opinion of James B. Kaufman regarding the legality of the securities being registered.
23.1	Consent of James B. Kaufman (included in Exhibit 5.1)
99.1	Amended and Restated TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan

**Item 9. Undertakings.**

(a) The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act");
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

PROVIDED, HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act, that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than for the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.



/s/ ROD DAMMEYER

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**Rod Dammeyer**

/s/ GEORGE HEILMEIER

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**George Heilmeier**

/s/ RUTH LIPPER

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**Ruth Lipper**

/s/ MORTON H. MEYERSON

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**Morton H. Meyerson**

/s/ ALAN SILVERMAN

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**Alan Silverman**

Dated: July 16, 2002



TeleTech Holdings, Inc.  
9197 S. Peoria Street  
Englewood, CO 80112

James B. Kaufman  
Executive Vice President, General Counsel  
And Secretary

July 16, 2002

Ladies and Gentlemen:

I refer to the Form S-8 Registration Statement (the "Registration Statement") under the Securities Act of 1933, as amended, to be filed by TeleTech Holdings, Inc., a Delaware corporation (the "Company") with the Securities and Exchange Commission (the "Commission") on July 16, 2002. The Registration Statement covers 4,000,000 shares of \$.01 par value per share Common Stock of the Company (the "Shares") which may be issued from time to time in connection with the Amended and Restated TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan.

I have made such legal and factual examinations and inquiries as I have deemed advisable for the purpose of rendering this opinion. I am familiar with the proceedings taken and proposed to be taken in connection with the authorization, issuance and sale of the Shares, and upon issuance thereof in accordance with the terms of the Plan, the Shares will be validly issued, fully paid and non-assessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement

Very truly yours,

By: /s/ JAMES B. KAUFMAN

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James B. Kaufman

**AMENDED AND RESTATED  
TELETECH HOLDINGS, INC.  
1999 STOCK OPTION AND INCENTIVE PLAN**

**1. Preamble.**

TeleTech Holdings, Inc., a Delaware corporation (the “*Company*”), hereby establishes the Amended and Restated TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan (the “*Plan*”) as a means whereby the Company may, through awards of (i) incentive stock options within the meaning of section 422 of the Code (as herein defined), (ii) stock appreciation rights, (iii) non-qualified stock options, (iv) restricted stock, and (v) phantom stock:

(a) provide employees of the Company and its subsidiaries with additional incentive to promote the success of the Company’s and its subsidiaries’ businesses and encourage such employees to remain in the employ of the Company and its subsidiaries;

(b) provide incentive for potential employees to accept employment with the Company; and

(c) provide directors of the Company who are not otherwise employees of the Company, and consultants and other independent contractors who provide services to the Company, with additional incentive to promote the success of the Company’s business.

The provisions of this Plan do not apply to or affect any option, stock appreciation right, or stock heretofore or hereafter granted under any other stock plan of the Company or any subsidiary, and all such options, stock appreciation right or stock continue to be governed by and subject to the applicable provisions of the plan or agreement under which they were granted.

**2. Definitions.**

2.01 “*Board*” or “*Board of Directors*” means the board of directors of the Company.

2.02 “*Cause*” means, as determined in the sole discretion of the Board, a Participant’s (a) commission of a felony or the commission of any crime involving moral turpitude, theft, embezzlement, fraud, misappropriation of funds, breach of fiduciary duty, abuse of trust or the violation of any other law or ethical rule relating to the Company; (b) material or repeated dishonesty or misrepresentation involving the Company or any Subsidiary; (c) material or repeated misconduct in the performance or non-performance of Participant’s responsibilities as an employee, officer, Director, consultant or independent contractor; (d) violation of a material condition of employment; (e) unauthorized use of trade secrets or confidential information (or the Company’s reasonable belief that a Participant has or has attempted to do so); or (f) aiding a competitor of the Company or any Subsidiary.

- 2.03 “Code” means the Internal Revenue Code of 1986, as it exists now and as it may be amended from time to time.
- 2.04 “Committee” means the committee comprised of two or more Directors appointed by the Board to administer the Plan.
- 2.05 “Common Stock” means the common stock of the Company, \$.01 par value per share.
- 2.06 “Company” means TeleTech Holdings, Inc., a Delaware corporation, and any successor thereto.
- 2.07 “Director” means a member of the Board.
- 2.08 “Exchange Act” means the Securities Exchange Act of 1934, as it exists now or from time to time may hereafter be amended.
- 2.09 “Fair Market Value” means for the relevant day:

(a) If shares of Common Stock are listed or admitted to unlisted trading privileges on any national or regional securities exchange, the last reported sale price, regular way, on the composite tape of that exchange on the day Fair Market Value is to be determined;

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System (“Nasdaq System”), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported and, if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

(c) If trading of the Common Stock is not reported by the Nasdaq System or on a stock exchange, Fair Market Value will be determined by the Committee in its discretion based upon the best available data.

- 2.10 “ISO” means incentive stock options within the meaning of Section 422 of the Code.
- 2.11 “Naked SAR” means a SAR issued not in connection with an ISO or NSO.
- 2.12 “NSO” means non-qualified stock options, which are not intended to qualify under Section 422 of the Code.

2.13 “Option” means the right of a Participant, whether granted as an ISO or an NSO, to purchase a specified number of shares of Common Stock, subject to the terms and conditions of the Plan.

- 2.14 “*Option Date*” means the date upon which an Option, SAR, Restricted Stock or Phantom Stock is awarded to a Participant under the Plan.
- 2.15 “*Option Price*” means the price per share at which an Option may be exercised.
- 2.16 “*Outside Director*” means a Non–Employee Director as defined in Section 16b–3(b)(3)(i) of the Exchange Act.
- 2.17 “*Participant*” means an individual to whom an Option, SAR, Phantom Stock or Restricted Stock has been granted under the Plan.
- 2.18 “*Phantom Stock*” means a hypothetical share of Common Stock issued as phantom stock under the Plan.
- 2.19 “*Plan*” means the Amended and Restated TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan, as set forth herein and as from time to time amended.
- 2.20 “*Restricted Stock*” means Common Stock awarded to a Participant pursuant to this Plan and subject to the restrictions contained in Section 9.
- 2.21 “*SAR*” means a stock appreciation right. A SAR may be a Naked SAR or a Tandem SAR.
- 2.22 “*Securities Act*” means the Securities Act of 1933, as it exists now or from time to time may hereinafter be amended.
- 2.23 “*Subsidiary*” means any corporation or other entity of which the majority voting power or equity interest is owned directly or indirectly by the Company.
- 2.24 “*Tandem SAR*” means a SAR associated with and issued in connection with an ISO or NSO.
- 2.25 Rules of Construction.
- (a) *Governing Law.* The construction and operation of this Plan are governed by the laws of the State of Delaware.
- (b) *Undefined Terms.* Unless the context requires another meaning, any term not specifically defined in this Plan has the meaning given to it by the Code.
- (c) *Headings.* All headings in this Plan are for reference only and are not to be utilized in construing the Plan.
- (d) *Gender.* Unless clearly appropriate, all nouns of whatever gender refer indifferently to persons of any gender.
- (e) *Singular and Plural.* Unless clearly inappropriate, singular terms refer also to the plural and *vice versa*.

(f) *Severability.* If any provision of this Plan is determined to be illegal or invalid for any reason, the remaining provisions shall continue in full force and effect and shall be construed and enforced as if the illegal or invalid provision did not exist, unless the continuance of the Plan in such circumstances is not consistent with its purposes.

(g) *Termination of Employment.* For all purposes of this Plan, an employee will have terminated employment with the Company when the employee's employment relationship with the Company and all of its subsidiaries is terminated. Additionally, for all purposes of the Plan, (i) a consultant's or independent contractor's "employment with the Company" shall be considered terminated upon the termination of any consulting or independent contractor agreement, or when the consultant or independent contractor no longer performs any services for the Company, and (ii) a non-employee Director's "employment with the Company" shall be considered terminated at the time such Director ceases to serve on the Board.

### **3. Stock Subject to the Plan.**

Except as otherwise provided in Section 13, the aggregate number of shares of Common Stock that may be issued under Options or as Restricted Stock under this Plan may not exceed 14,000,000 shares of Common Stock. Reserved shares may be either authorized but unissued shares or treasury shares, in the Board's discretion. If any awards hereunder shall terminate or expire, as to any number of shares, new Options, and Restricted Stock may thereafter be awarded with respect to such shares. Except as otherwise provided in Section 13, no Participant may be granted awards under the Plan in any calendar year in respect of more than 300,000 shares of Common Stock.

### **4. Administration.**

The Plan shall be administered by the Committee. In addition to any other powers set forth in this Plan, the Committee has the exclusive authority:

- (a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;
- (b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;
- (c) subject to the express provisions of the Plan, to determine the individuals who will receive awards of Options, Restricted Stock, Phantom Stock and/or SARs, the times when they will receive them, the number of shares to be subject to each award and the Option Price, payment terms, payment method, and expiration date applicable to each award;
- (d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any awards of ISOs, NSOs, Restricted Stock, Phantom Stock and/or SARs;

(e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards of ISOs, NSOs, Restricted Stock, Phantom Stock and/or SARs granted thereunder as it may deem necessary or advisable;

(f) to determine the form in which payment of a SAR or a Phantom Stock award granted hereunder will be made (i.e., cash, Common Stock or a combination thereof) or to approve a participant's election to receive cash in whole or in part in settlement of the SAR or Phantom Stock award;

(g) to determine the form in which tax withholding under Section 16 of this Plan will be made; and

(h) to amend the Plan or any Option, Restricted Stock, Phantom Stock or SAR granted or awarded hereunder as may be necessary in order for any business combination involving the Company to qualify for pooling-of-interest treatment under APB No. 16.

## **5. Eligible Participants.**

Subject to the provisions of the Plan, the Committee shall determine from time to time (a) those employees, officers, Directors, consultants and independent contractors of the Company or a Subsidiary, and non-employees and non-officers to whom the Company or any Subsidiary has extended an offer of employment, who shall be designated as Participants, and (b) the number of Options, SARs, Restricted Stock, and Phantom Stock, or any combination thereof, to be awarded to each such Participant; *provided, however*, that no ISOs or Tandem SARs granted with respect to ISOs shall be awarded under the Plan more than ten years after the date this Plan is adopted by the Board. In addition, no ISOs may be awarded to a Participant who is not an employee of the Company or a Subsidiary.

## **6. Terms and Conditions of Incentive Stock Options.**

The Committee, in its discretion, may grant ISOs to any Participant under the Plan; *provided, however*, that no ISOs may be granted to a Director or other Participant who is not an employee of the Company or a Subsidiary. Each ISO shall be evidenced by an agreement between the Company and the Participant in a form approved by the Committee. Unless the Committee, in its discretion, determines otherwise, each ISO agreement shall be subject to the following terms and conditions and to such other terms and conditions as the Committee may deem appropriate;

(a) *Option Period.* Each ISO will expire as of the earliest of:

- (i) the date on which it is forfeited under the provisions of Section 12;
- (ii) 10 years (or five years as specified in Section 6(e)) from the Option Date;
- (iii) three months after the Participant's termination of employment with the Company for any reason other than death; or

(iv) six months after the Participant's death.

(b) *Option Price.* Subject to the provisions of Section 6(e), the Option Price per share shall be determined by the Committee at the time any ISO is granted, and shall not be less than the Fair Market Value of the Common Stock subject to the ISO on the Option Date.

(c) *Other Option Provisions.* The form of ISO authorized by the Plan may contain such other provisions as the Committee may, from time to time, determine; *provided, however*, that such other provisions may not be inconsistent with any requirements imposed on qualified stock options under Section 422 of the Code.

(d) *Limitations on Awards.* The aggregate Fair Market Value, determined as of the Option Date, of Common Stock with respect to which ISOs are exercisable by a Participant for the first time during any calendar year under all ISO plans of the Company and any Subsidiary shall not exceed \$100,000.

(e) *Awards to Certain Stockholders.* Notwithstanding Sections 6(a) and 6(b) hereof, if an ISO is granted to a Participant who owns stock representing more than 10% of the voting power of all classes of stock of the Company or a Subsidiary (as determined under the Code), the exercise period specified in the ISO agreement for which the ISO thereunder is granted shall not exceed five years from the Option Date and the Option Price shall be at least 110% of the Fair Market Value (as of the Option Date) of the Common Stock subject to the ISO.

## **7. Terms and Conditions of Non-Qualified Stock Option.**

The Committee, in its discretion, may grant NSOs to any Participant under the Plan. Each NSO shall be evidenced by an agreement between the Company and the Participant in a form approved by the Committee. Unless the Committee, in its discretion, determines otherwise, each NSO agreement shall be subject to the following terms and conditions and to such other terms and conditions as the Committee may deem appropriate:

(a) *Option Period.* Each NSO will expire as of the earliest of:

- (i) the date on which it is forfeited under the provisions of Section 12;
- (ii) the date three months after the Participant's termination of employment with the Company for any reason other than death; or
- (iii) the date six months after the Participant's death.

(b) *Option Price.* At the time when the NSO is granted, the Committee will fix the Option Price. The Option Price may be greater than, less than, or equal to Fair Market Value on the Option Date, as determined in the sole discretion of the Committee.

(c) *Other Option Provisions.* The form of NSO authorized by the Plan may contain such other provisions as the Committee may from time to time determine.

## **8. Terms and Conditions of Stock Appreciation Rights.**

The Committee may, in its discretion, grant a SAR to any Participant under the Plan. Each SAR shall be evidenced by an agreement between the Company and the Participant, in a form approved by the Committee, and may be a Naked SAR or a Tandem SAR. Unless the Committee, in its discretion, determines otherwise, each SAR awarded to Participants under the Plan shall be subject to the following terms and conditions and to such other terms and conditions as the Committee may deem appropriate:

(a) *Tandem SARs.* Tandem SARs shall terminate on the same date as the related ISO or NSO. A Tandem SAR shall be exercisable only if the Fair Market Value of a share of Common Stock on the date of surrender exceeds the Option Price for the related Option, and then shall be exercisable to the extent, and only to the extent, that the related Option is exercisable. A Tandem SAR shall entitle the Participant to whom it is granted the right to elect, so long as such Tandem SAR is exercisable and subject to such limitations as the Committee shall have imposed, to surrender any then exercisable portion of his related Option, in whole or in part, and receive from the Company in exchange, without any payment of cash (except for applicable employee withholding taxes), that number of shares of Common Stock having an aggregate Fair Market Value on the date of surrender equal to the product of (i) the excess of the Fair Market Value of a share of Common Stock on the date of surrender over the per share Option Price, and (ii) the number of shares of Common Stock subject to such Option or portion thereof which is surrendered. Any Option or portion thereof which is surrendered shall no longer be exercisable. The Committee, in its sole discretion, may allow the Company to settle all or part of the Company's obligation arising out of the exercise of a Tandem SAR by the payment of cash equal to the aggregate Fair Market Value of the shares of Common Stock which the Company would otherwise be obligated to deliver.

(b) *Naked SARs.* Naked SARs shall terminate as provided in the Participant's SAR agreement. The Committee may at the time of granting any Naked SAR add such conditions and limitations to the Naked SAR as it shall deem advisable, including but not limited to, limitations on the period within which the Naked SAR shall be exercisable and the maximum amount of appreciation to be recognized with regard to such Naked SAR.

(c) *Other Conditions.* If a Participant is subject to Section 16(a) and Section 16(b) of the Exchange Act, the Committee may at any time add such additional conditions and limitations to such SAR which the Committee, in its discretion, deems necessary or desirable in order to comply with Section 16(a) or Section 16(b) of the Exchange Act and the rules and regulations issued thereunder, or in order to obtain any exemption therefrom.



## 9. Terms and Conditions of Restricted Stock Awards.

The Committee, in its discretion, may grant Restricted Stock to any Participant under the Plan. Each grant of Restricted Stock shall be evidenced by an agreement between the Company and the Participant in a form approved by the Committee. Unless the Committee, in its discretion, determines otherwise, all shares of Common Stock awarded to Participants under the Plan as Restricted Stock shall be subject to the following terms and conditions and to such other terms and conditions as the Committee may deem appropriate:

(a) *Restricted Period.* Shares of Restricted Stock awarded to Participants may not be sold, transferred, pledged or otherwise encumbered before they vest. Subject to the provisions of subparagraphs (b) and (c) below and any other restrictions imposed by law, certificates evidencing shares of Restricted Stock that vest will be transferred to the Participant or, in the event of his death, to the beneficiary or beneficiaries designated by writing filed by the Participant with the Committee for such purpose or, if none, to his estate.

(b) *Forfeitures.* A Participant shall forfeit all unpaid accumulated dividends and all shares of Restricted Stock which have not vested prior to the date that his employment with the Company is terminated for any reason.

(c) *Certificates Deposited With Company.* Each certificate issued in respect of shares of Restricted Stock awarded under the Plan shall be registered in the name of the Participant and deposited with the Company. Each such certificate shall bear the following (or a similar) legend:

“The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) relating to Restricted Stock contained in the TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan and an agreement entered into between the registered owner and TeleTech Holdings, Inc. Copies of such Plan and agreement are on file at the principal office of TeleTech Holdings, Inc.”

(d) *Stockholder Rights.* Subject to the foregoing restrictions, each Participant shall have all the rights of a stockholder with respect to his shares of Restricted Stock including, but not limited to, the right to vote such shares.

(e) *Dividends.* On each Common Stock dividend payment date, each Participant shall receive an amount equal to the dividend paid on that date on a share of Common Stock, multiplied by his number of shares of Restricted Stock.

## 10. Terms and Conditions of Phantom Stock.

The Committee may, in its discretion, award Phantom Stock to any Participant under the Plan. Each award of Phantom Stock shall be evidenced by an agreement between the Company and the Participant. The Committee may at the time of awarding any Phantom Stock add such additional conditions and limitations to the Phantom Stock as it shall deem advisable, including, but not limited to, the right for Participants to receive dividends equivalent to those paid on Common Stock, limitations on the period or periods within which the Phantom Stock may be surrendered, and the

maximum amount of appreciation to be recognized with regard to such Phantom Stock. An award of Phantom Stock shall entitle the Participant to whom it is awarded the right to elect, so long as such Phantom Stock is vested and subject to such limitations as the Committee shall have imposed, to surrender any then vested portion of the Phantom Stock, in whole or in part, and receive from the Company in exchange therefor the Fair Market Value on the date of surrender of the Common Stock to which the surrendered Phantom Stock relates in cash or in shares of Common Stock as the Committee may determine. If a Participant is subject to Section 16(a) and Section 16(b) of the Exchange Act, the Committee may at any time add such additional conditions and limitations to such Phantom Stock which, in its discretion, the Committee deems necessary or desirable in order to comply with Section 16(a) or Section 16(b) of the Exchange Act and the rules and regulations promulgated thereunder, or in order to obtain any exemption therefrom.

**11. Manner of Exercise of Options.**

To exercise an Option in whole or in part, a Participant, any permitted transferee of a Participant or, after a Participant’s death, a Participant’s executor or administrator, must give written notice to the Committee, stating the number of shares to which he intends to exercise the Option. The Company will issue the shares with respect to which the Option is exercised upon payment in full of the Option Price. The Option Price may be paid (i) in cash, (ii) in shares of Common Stock having an aggregate Fair Market Value, as determined on the date of delivery, equal to the Option Price, or (iii) by delivery of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds necessary to pay for all Common Stock acquired through such exercise and any tax withholding obligations resulting from such exercise. The Option Price may be paid in shares of Common Stock which were received by the Participant upon the exercise of one or more Options. The Option Price may be paid in shares of Common Stock which were received by the Participant as an award of Restricted Stock under the Plan. The Option Price may be paid by surrender of Tandem SARs equal to the Option Price.

**12. Vesting.**

(a) A Participant may not exercise an Option, surrender a SAR or Phantom Stock or transfer, pledge or dispose of any Restricted Stock until it has become vested. The portion of an Option, SAR or Phantom Stock award or Restricted Stock that is vested depends upon the period that has elapsed since the Option Date. Unless the Committee establishes a different vesting schedule at the time an Option is granted or the Restricted Stock, SAR or Phantom Stock is awarded, all Options granted under this Plan, Restricted Stock, SARs and Phantom Stock awarded under this Plan shall vest according to the following schedule:

<u>Period Elapsed</u>	<u>Cumulative Vested Percentage</u>
First Anniversary of Option Date	20%
Second Anniversary of Option Date	40%
Third Anniversary of Option Date	60%
Fourth Anniversary of Option Date	80%
Fifth Anniversary of Option Date	100%

Except as provided below, if a Participant's employment with the Company or its Subsidiaries is terminated, for any reason, such Participant automatically forfeits any Options, Restricted Stock, SARs and/or Phantom Stock that are not yet vested. A transfer of employment from the Company to a Subsidiary or affiliate, or *vice versa*, is not a termination of employment for purposes of this Plan. Unless the Committee in its sole discretion specifically waives the application of this sentence, then notwithstanding the vesting schedule contained herein or in the Participant's agreement, if the Participant's employment, or if a Director, his membership on the Board, is terminated for Cause, all Options, SARs, Restricted Stock and/or Phantom Stock granted or awarded to the Participant will be immediately cancelled and forfeited by the Participant upon delivery to him of notice of such termination.

(b) If it determines that special circumstances exist, the Committee, in its sole discretion, may accelerate the time in which an award under the Plan vests, even if, under its existing terms, such award would not then be exercisable.

### **13. Adjustments to Reflect Changes in Capital Structure.**

If there is any change in the corporate structure or shares of the Company, the Board of Directors may, in its discretion, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options, Restricted Stock, Phantom Stock and/or SARs, in the number and kind of shares covered thereby and in the applicable Option Price; *provided, however*, no adjustment will be made for the issuance of preferred stock or the conversion of convertible preferred stock. For the purpose of this Section 13, a change in the corporate structure or shares of the Company includes, without limitation, any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

### **14. Non-Transferability of Options, SARs and Phantom Stock.**

The Options and SARs granted or Phantom Stock awarded under the Plan are not transferable, voluntarily or involuntarily, other than by will or the laws of descent and distribution, or to the extent permissible under Section 422 of the Code, pursuant to a qualified domestic relations order as defined in Section 414(p) of the Code; *provided, however*, that the Compensation Committee, in its discretion, may permit Options to be transferrable by a Participant to members of such Participant's immediate family or to family trusts, partnerships and other entities comprised solely of the Participant or members of the Participant's immediate family.

### **15. Rights as Stockholder.**

No Common Stock may be delivered upon the exercise of any Option until full payment of the Option Price has been made and all income tax withholding requirements thereon have been satisfied. A Participant has no rights whatsoever as a stockholder with respect to any shares covered by an Option until the date of the issuance of a stock certificate for the shares. A Participant who has

been granted SARs or Phantom Stock shall have no rights whatsoever as a stockholder with respect to such SARs or Phantom Stock.

**16. Withholding Tax.**

The Company shall have the right to withhold or to require a Participant to remit to the Company, in cash or shares of Common Stock, with respect to any payments made to Participants under the Plan, any taxes required by law to be withheld because of such payments. Subject to the consent of the Committee with respect to (a) the exercise of an NSO, (b) the lapse of restrictions on Restricted Stock, (c) a “disqualifying disposition” of an ISO, as determined pursuant to the Code, or (d) the issuance of any other stock award under the Plan, a Participant may make an irrevocable election (an “*Election*”) to (i) have shares of Common Stock otherwise issuable withheld, or (ii) tender back to the Company shares of Common Stock received pursuant to (a), (b), or (d), or (iii) deliver back to the Company pursuant to (a), (b), or (d) previously acquired shares of Common Stock having a Fair Market Value sufficient to satisfy all or part of the Participant’s estimated tax obligations. Such Election must be made by a Participant prior to the date on which the relevant tax obligation arises. The Committee may disapprove of any Election, may suspend or terminate the right to make Elections, or may provide with respect to any award under this Plan that the right to make Elections shall not apply to such award.

**17. No Right To Employment.**

Participation in the Plan will not give any Participant a right to be retained as an employee of the Company or any subsidiary, or any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

**18. Amendment of the Plan.**

The Committee may from time to time amend or revise the terms of this Plan in whole or in part and may without limitation, adopt any amendment deemed necessary, subject only to applicable laws, regulations and the rules and regulations of the Nasdaq Stock Exchange or any national stock exchange upon which the Common Stock may be listed; *provided, however*, that (a) except as provided in Section 4(h), no change in any award previously granted to a Participant may be made that would impair the rights of the Participant without the Participant’s consent, or (b) no amendment may extend the period during which a Participant may exercise an ISO beyond the period set forth in Section 6(a)(ii) or 6(e). Any approval required or desired from the Company’s stockholders to any amendment shall require a vote of the majority of the shares of the Company’s Common Stock and preferred stock voting together as one class, present in person or by proxy at a duly held stockholders meeting or by written consent. All amendments shall be in writing and consented to by a majority of the members of the Committee.

**19. Conditions Upon Issuance of Shares.**

An Option shall not be exercisable, a share of Common Stock shall not be issued pursuant to the exercise of an Option, and Restricted Stock shall not be awarded until such time as the Plan has been approved by the Stockholders of the Company and unless the award of Restricted Stock, exercise of such Option and the issuance and delivery of such share pursuant

thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Stock is being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

**20. Effective Date and Termination of Plan.**

(a) *Effective Date.* This Plan is effective as of the later of the date of its adoption by the Board or, if approval of the Company's stockholders is sought, the date the Plan is approved by the stockholders of the Company.

(b) *Termination of the Plan.* The Committee may terminate the Plan at any time with respect to any shares that are not then subject to Options or Restricted Stock. Termination of the Plan will not affect the rights and obligations of any Participant with respect to Options, SARs, Phantom Stock or Restricted Stock awarded before termination.

**21. Annual Option Grants to Outside Directors.**

On the date of each annual meeting of stockholders, each Outside Director who does not own, directly or indirectly, over 5% of the issued and outstanding Common Stock shall be granted an Option to purchase 15,000 shares of Common Stock and, for each committee on which such director has been appointed to serve, such committee member shall be granted an option to purchase 8,000 shares of Common Stock.