

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-21055

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. Employer
Identification No.)

1700 LINCOLN STREET, SUITE 1400

DENVER, COLORADO

(Address of principal
executive office)

80203

(Zip Code)

(303) 894-4000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act
of 1934 during the preceding 12 months, and (2) has been subject to such
filing requirements for the past 90 days.

YES

NO

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date.

Class of Common Stock

Common Stock, par value \$.01 per share

Outstanding at

April 30, 1999

61,056,760

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

FORM 10-Q

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Item 1.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

ASSETS -----	DECEMBER 31, 1998 -----	MARCH 31, 1999 ----- (Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,796	\$ 13,747
Short-term investments	37,082	36,230
Accounts receivable, net of allowance for doubtful accounts of \$2,900 and \$3,167, respectively	68,830	75,423
Prepays and other assets	2,811	3,479
Deferred tax asset	3,855	3,621
	-----	-----
Total current assets	121,374	132,500
	-----	-----
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$38,432 and \$43,790, respectively	77,546	86,233
	-----	-----
OTHER ASSETS:		
Long-term accounts receivable	4,274	6,575
Goodwill, net of amortization of \$1,599 and \$1,923, respectively	15,022	20,010
Contract acquisition cost, net of amortization of zero and \$251, respectively	10,900	10,649
Other assets	1,794	1,973
	-----	-----
Total assets	\$230,910	\$257,940
	-----	-----

The accompanying notes are an integral part of these consolidated
balance sheets.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

LIABILITIES AND STOCKHOLDERS' EQUITY -----	DECEMBER 31, 1998 -----	MARCH 31, 1999 ----- (Unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 7,989	\$ 12,833
Bank overdraft	778	434
Accounts payable	11,814	9,166
Accrued employee compensation	18,134	20,400
Accrued income taxes	4,191	2,341
Other accrued expenses	11,520	11,586
Customer advances, deposits and deferred income	3,803	2,933
	-----	-----
Total current liabilities	58,229	59,693
DEFERRED TAX LIABILITIES	835	1,037
LONG-TERM DEBT, net of current portion:		
Capital lease obligations	4,208	3,845
Line of credit	--	20,000
Other debt	2,145	1,148
	-----	-----
Total liabilities	65,417	85,723
STOCKHOLDERS' EQUITY:		
Common stock; \$.01 par value; 150,000,000 shares authorized; 60,769,724 and 61,056,760 shares, respectively, issued and outstanding	606	609
Additional paid-in capital	111,080	112,872
Accumulated other comprehensive income	(1,610)	(1,492)
Retained earnings	55,417	60,228
	-----	-----
Total stockholders' equity	165,493	172,217
	-----	-----
Total liabilities and stockholders' equity	\$230,910	\$257,940
	-----	-----

The accompanying notes are an integral part of these consolidated balance sheets.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1998	1999
REVENUES	\$80,244	\$110,638
OPERATING EXPENSES:		
Costs of services	51,856	74,368
Selling, general and administrative Expenses	21,262	28,404
Total operating expenses	73,118	102,772
INCOME FROM OPERATIONS	7,126	7,866
OTHER INCOME (EXPENSE):		
Interest expense	(302)	(416)
Interest income	889	554
Equity in income of affiliate	14	--
Other	(94)	65
	507	203
INCOME BEFORE INCOME TAXES	7,633	8,069
Provision for income taxes	3,081	3,258
NET INCOME	\$ 4,552	\$ 4,811
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	59,423	60,770
Diluted	61,666	62,450
NET INCOME PER SHARE		
Basic	\$.08	\$.08
Diluted	\$.07	\$.08

The accompanying notes are an integral part of these consolidated balance sheets.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,552	\$ 4,811
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,858	6,307
Allowance for doubtful accounts	155	192
Deferred income taxes	(4)	235
Equity in income of affiliate	(14)	--
Deferred compensation expense	32	--
Changes in assets and liabilities:		
Accounts receivable	(2,855)	(5,783)
Prepays and other assets	217	(2,246)
Accounts payable and accrued expenses	4,434	(2,309)
Customer advances, deposits and deferred income	(429)	(1,254)
Net cash provided by (used in) operating activities	9,946	(47)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(9,533)	(13,440)
Purchase of Intellisystems	(2,000)	--
Purchase of Pamet River, net of \$339 cash acquired	--	(1,462)
Purchase of Smart Call	--	(2,650)
Changes in accounts payable and accrued liabilities related to investing activities	(781)	(55)
Decrease in short-term investments	2,646	852
Net cash used in investing activities	(9,668)	(16,755)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in bank overdraft	\$ (1,094)	\$ (344)
Net increase in short-term borrowings	2,191	25,000
Payments on long-term debt and capital leases	(1,365)	(2,001)
Proceeds from exercise of stock options	413	41
Net cash provided by financing activities	145	22,696
Effect of exchange rate changes on cash	133	(943)
NET INCREASE IN CASH AND CASH EQUIVALENTS	556	4,951
CASH AND CASH EQUIVALENTS, beginning of period	7,338	8,796
CASH AND CASH EQUIVALENTS, end of period	\$ 7,894	\$13,747

The accompanying notes are an integral part of these consolidated balance sheets.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999

NOTE (1)--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of TeleTech Holdings, Inc. and subsidiaries as of March 31, 1999 and 1998 and for the periods then ended. Operating results for the three months ended March 31, 1999 are not necessarily indicative of the results that may be expected for the year ended December 31, 1999.

The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and footnotes thereto included in the Company's Form 10-K for the year ended December 31, 1998.

NOTE (2)--SEGMENT INFORMATION AND CUSTOMER CONCENTRATIONS

The Company classified its business activities into four fundamental areas: outsourced operations in the United States, facilities management operations, international outsourced operations, and technology services and consulting. These areas are separately managed and each has significant differences in capital requirements and cost structures. Outsourced, facilities management and international outsourced operations are reportable business segments with their respective financial performance detailed herein. Technology services and consulting is included in corporate activities as it is not a material business segment. Also included in corporate activities are general corporate expenses and overall operational management expenses. Assets of corporate activities include unallocated cash, short-term investments and deferred income taxes. There are no significant transactions between the reported segments for the periods presented.

	THREE MONTHS ENDED MARCH 31,	
(in thousands)	1998	1999
REVENUES:		
Outsourced	\$ 43,930	\$ 62,914
Facilities Management	17,328	23,666
International Outsourced	17,349	18,137
Corporate Activities	1,637	5,921
	\$ 80,244	\$110,638
	-----	-----
OPERATING INCOME (LOSS):		
Outsourced	\$ 8,772	\$ 12,329
Facilities Management	2,099	3,072
International Outsourced	1,284	601
Corporate Activities	(5,029)	(8,136)
	\$ 7,126	\$ 7,866
	-----	-----

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999 - CONTINUED

(in thousands)	BALANCE AS OF	
	DECEMBER 31 1998	MARCH 31, 1999
ASSETS:		
Outsourced Assets	\$101,105	\$114,944
Facilities Management Assets	18,121	20,229
International Outsourced Assets	50,764	54,727
Corporate Activities Assets	45,898	68,040
	-----	-----
Total	\$230,910	\$257,940
	-----	-----
GOODWILL:		
International Outsourced Goodwill, Net	\$ 6,803	\$ 9,106
Corporate Activities Goodwill, Net	8,219	10,904
	-----	-----
Total	\$ 15,022	\$ 20,010
	-----	-----

The following geographic data include revenues based on the location the services are provided (in thousands).

	THREE MONTHS ENDED MARCH 31,	
	1998	1999
REVENUES:		
United States	\$ 62,545	\$ 87,592
Australia	9,190	10,719
Canada	6,254	8,920
Rest of world	2,255	3,407
	-----	-----
Total	\$ 80,244	\$110,638
	-----	-----

NOTE (3)--SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES (IN THOUSANDS):

	Three Months Ended March 31,	
	1998	1999
Cash paid for interest	\$ 301	\$ 416
Cash paid for income taxes	\$ 375	\$ 5,108
Noncash investing and financing activities:		
Stock issued in purchase of Intellisystems	\$ 3,389	\$ --
Stock issued in purchase of Pamet River, Inc.	\$ --	\$ 1,753

NOTE (4)--ACQUISITIONS

On March 18, 1999, the Company acquired 100% of the common stock of Pamet River, Inc. ("Pamet") for approximately \$1,821,000 in cash and 285,711 shares of common stock in the Company. Pamet is a global marketing company offering end-to-end marketing solutions by leveraging Internet and database technologies. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999 - CONTINUED

method over 20 years. The operations of Pamet for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

On March 31, 1999, the Company acquired 100% of the common stock of Smart Call S.A. ("Smart Call") for approximately \$2,350,000 in cash including costs related to the acquisition. Smart Call is based in Buenos Aires, Argentina and provides a wide range of customer management solutions to Latin American and multinational companies. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 20 years. The operations of Smart Call for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

As a part of the Smart Call acquisition, the Company paid \$300,000, including costs associated with the transaction, for the option to acquire Connect S.A. ("Connect"), a sister company with additional customer service and systems integration capabilities. The option has been accounted for as an other asset. TeleTech may be required to purchase Connect for \$4.3 million to \$4.8 million in total consideration if Connect achieves certain operating objectives.

NOTE (5)--COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). The purpose of SFAS 130 is to report a measure of all changes in equity that result from recognized transactions and other economic events of the period other than transactions with owners in their capacity as owners. The only item of other comprehensive income reported by the Company is the cumulative translation adjustment.

The Company's comprehensive income for the three months ended March 31, 1998 and 1999 was as follows (in thousands):

	Three Months Ended March 31,	
	1998	1999
Net income for the period	\$ 4,552	\$ 4,811
Change in cumulative translation adjustment	278	118
Comprehensive income	\$ 4,830	\$ 4,929

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations in this Form 10-Q should be read in conjunction with the risk factors included in the Company's Form 10-K for the year ended December 31, 1998. Specifically, the Company has experienced, and in the future could experience, quarterly variations in revenues and earnings as a result of a variety of factors, many of which are outside the Company's control, including: the timing of new contracts; the timing of new product or service offerings or modifications in client strategies; the expiration or termination of existing contracts; the timing of increased expenses incurred to obtain and support new business; and the seasonal pattern of certain of the businesses serviced by the Company. In addition, the Company has concentrated its marketing efforts towards obtaining larger, more complex, strategic customer care programs. As a result, the time required to negotiate and execute an agreement with the client has increased. This may lead to short-term delays in the anticipated start-up of new client programs and in the Company achieving full capacity utilization.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1999 COMPARED TO THREE MONTHS ENDED
MARCH 31, 1998

Revenues increased \$30.4 million or 38% to \$110.6 million for the three months ended March 31, 1999 from \$80.2 million for the three months ended March 31, 1998. The increase resulted primarily from \$12.3 million in revenues from new clients and \$25.4 million in increased revenue from existing clients. These increases were offset in part by contract expirations and other client reductions. Revenues for the three months ended March 31, 1999 include approximately \$23.7 million from facilities management contracts as compared with \$17.3 million for the three months ended March 31, 1998.

Costs of services increased \$22.5 million, or 43%, to \$74.4 million for the three months ended March 31, 1999 from \$51.9 million for the three months ended March 31, 1998. Costs of services as a percentage of revenues increased from 64.6% for the three months ended March 31, 1998 to 67.2% for the three months ended March 31, 1999. The increase in the costs of services as a percentage of revenues is a result of higher costs of services as a percentage of revenues associated with the Company's Latin American operations and unused capacity in several of the Company's domestic and foreign customer interaction centers. Operations in Latin America were negatively impacted by economic conditions.

Selling, general and administrative expenses increased \$7.1 million, or 34% to \$28.4 million for the three months ended March 31, 1999 from \$21.3 million for the three months ended March 31, 1998. Selling, general and administrative expenses as a percentage of revenues decreased from 26.5% for the three months ended March 31, 1998 to 25.7% for the three months ended March 31, 1999 primarily as a result of revenue increases in certain large client programs which have increased revenues without a proportionate increase in selling, general and administrative expenses. Expense reductions were offset by Y2K expenditures totaling approximately \$500,000 during the first quarter 1999.

As a result of the foregoing factors, income from operations increased \$740,000 or 10%, to \$7.9 million for the three months ended March 31, 1999 from \$7.1 million for the three months ended March 31, 1998. Operating income as a percentage of revenues decreased from 8.9% for the three months ended March 31, 1998 to 7.1% for the three months ended March 31, 1999.

Other income totaled \$203,000 for the three months ended March 31, 1999 compared with \$507,000

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998 -- CONTINUED

during the three months ended March 31, 1998. This is primarily related to decreased investment income of \$335,000 resulting from the decrease in cash investments from \$67.6 million at March 31, 1998 to \$36.2 million at March 31, 1999.

As a result of the foregoing factors, net income increased \$259,000 or 5.7%, to \$4.8 million for the three months ended March 31, 1999 from \$4.6 million for the three months ended March 31, 1998.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1999 the Company had cash and cash equivalents of \$13.7 million and short-term investments of \$36.2 million. Cash used by operating activities was \$47,000 for the three months ended March 31, 1999, which primarily resulted from increased accounts receivable during the period.

Cash used in investing activities was \$16.8 million for the three months ended March 31, 1999 resulting primarily from \$13.4 million in capital expenditures, \$1.5 million toward the purchase of Pamet River and \$2.7 million toward the purchase of Smart Call (see Note 4 accompanying the condensed financial statements), offset in part by a decrease of \$852,000 in short term investments.

Cash provided by financing activities was \$22.7 million resulting from the increase in borrowings of \$25.0 million offset in part by pay downs of capital leases and other debt.

The Company has a \$50.0 million unsecured revolving line of credit with a syndicate of five banks. The Company also has the option to secure at any time up to \$25.0 million of the line with available cash investments. The Company has two interest rate options: an offshore rate option or a bank base rate option. The Company will pay interest at a spread of 50 to 150 basis points over the applicable offshore or bank base rate, depending upon the Company's leverage. Interest on the secured portion is based on the applicable rate plus 22.5 basis points. Borrowings under this agreement totaled \$25.0 million at March 31, 1999 of which \$15.0 million was secured at the Company's option with temporary short term investments disclosed on the balance sheet. Interest rates under these borrowings averaged 5.5% at March 31, 1999. Under this line of credit, the Company has agreed to maintain certain financial ratios and capital expenditure limits. The Company is in compliance with all covenants of this agreement as of March 31, 1999.

The Company currently expects total capital expenditures in 1999 to be approximately \$50 to \$65 million of which \$13.4 million was expended in the first three months. The Company believes that existing cash on hand and available borrowings under the line of credit together with cash from operations will be sufficient to finance the Company's operations, planned capital expenditures and anticipated growth through 1999.

POTENTIAL YEAR 2000 PROBLEMS

The Year 2000 problem results from date-sensitive computer programs being written using two digits, rather than four digits, to define the applicable year. Computer programs that are not Year 2000 compliant will be unable, for example, to determine whether date references to "00" refers to the year 1900 or 2000. Determining whether the Company's and its clients' systems are Year 2000 compliant is critical because the Company utilizes a significant number of software programs and operating systems throughout its organization, and the Company's systems regularly interface with the various information systems of its clients. The Company's or its clients' failure to detect and remediate Year 2000 related problems in its or their computer and information systems could have a material adverse effect on the business, results of operations or financial condition of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998 -- CONTINUED

The Company, in conjunction with an outside consulting firm, has implemented a multiphased program to inventory, assess, remediate and test its systems for Year 2000 compliance (the "Program"). The Company has nearly completed the enterprisewide inventory, and the target date for the completion of the assessment, analysis and remediation associated with the Year 2000 issues is September 1999. The targeted completion date includes addressing the technology and non-technology interfaces with its clients and suppliers.

The consulting firm works with full-time Company employees who are dedicated to the Program. The assessments completed to date have led to the need to migrate several human resource- and payroll-oriented applications to Year 2000 compliant software, upgrade several telephone switches and procure several hundred replacement workstations. Analysis and testing of Company-generated software applications have been initiated. The Company anticipates that the need for software conversion caused by Year 2000 issues is not anticipated to be significant, given the Company's extensive use of off-the-shelf products.

While the cost to address Year 2000 issues continues to be developed as the assessment phase nears completion, the Company currently anticipates that the total cost of assessment and remediation will be between \$5 million and \$10 million. Of this total approximately 50% is anticipated to be new capital expenditures to replace non-compliant computer hardware and software. For the quarter ended March 31, 1999, the Company has incurred approximately \$2.2 million in inventory and assessment work and equipment and software replacement work on Year 2000 issues, \$500,000 which was expensed in the accompanying statement of operations and were funded by cash flow from operations. Expenditures in 1999 will be funded primarily through cash flow from operations and available cash on hand.

FORWARD-LOOKING STATEMENTS

All statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" or elsewhere in this quarterly report, that are not statements of historical facts are forward-looking statements that involve substantial risks and uncertainties. Forward-looking statements include (i) the anticipated level of capital expenditures for 1999; (ii) the Company's belief that existing cash, available borrowings and cash from operations will be sufficient to finance the Company's near term operations; (iii) the Company's estimate of the impact of the Year 2000 issues; (iv) the Company's belief that near-term interest rate fluctuations will not result in a material effect on future earnings, fair values or cash flows of the Company; (v) the Company's belief that foreign currency rate fluctuations may positively or negatively affect revenues and net income attributable to the Company's foreign subsidiaries; and (vi) statements relating to the Company or its operations that are preceded by terms such as "anticipates", "expects", "believes" and similar expressions.

The Company's actual results, performance or achievements may differ materially from those implied by such forward-looking statements as a result of various factors, including the following: TeleTech's agreements with its clients do not ensure that TeleTech will generate a specific level of revenue and may be canceled by the clients on short notice. The amount of revenue TeleTech generates from a particular client is dependent upon customers' interest in and use of the client's products or services, some of which are recently introduced or untested. The loss of a significant client or the termination or completion of a significant client program may have a material adverse effect on TeleTech's capacity utilization and results of operations. There can be no assurance that the Company will be successful in integrating acquired companies into the Company's existing businesses, or that any completed acquisition will enhance the Company's business, results of operations or financial condition. There are certain risks inherent in conducting international business, including without limitation exposure to currency fluctuations, longer payment cycles and greater difficulties in accounts receivable collection.

Item 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
FOR THE THREE MONTHS ENDED MARCH 31, 1999

Market risk represents the risk of loss that may impact the financial position, results of operations or cash flows of the Company due to adverse changes in financial and commodity market prices and rates. The Company is exposed to market risk in the areas of changes in U.S. interest rates and changes in foreign currency exchange rates as measured against the U.S. dollar. These exposures are directly related to its normal operating and funding activities. Historically, and as of March 31, 1999, the Company has not used derivative instruments or engaged in hedging activities.

INTEREST RATE RISK

The interest on the Company's line of credit and its Canadian subsidiary's operating loan is variable based on the bank's base rate or offshore rate, and therefore, affected by changes in market interest rates. At March 31, 1999, there was approximately \$434,000 in borrowings outstanding on the operating loan and \$25.0 million outstanding on the line of credit. The Company monitors interest rates frequently and has sufficient cash balances to pay off the line of credit and any early termination penalties, should interest rates increase significantly. The Company's investments are typically short-term in nature and as a result do not expose the Company to significant risk from interest rate fluctuations. Therefore, the Company does not believe that reasonably possible near-term changes in interest rates will result in a material effect on future earnings, fair values or cash flows of the Company.

FOREIGN CURRENCY RISK

The Company has wholly owned subsidiaries in Argentina, Australia, Brazil, Canada, Mexico, New Zealand, Singapore and the United Kingdom. Revenues and expenses from these operations are typically denominated in local currency, thereby creating exposures to changes in exchange rates. The changes in the exchange rate may positively or negatively affect the Company's revenues and net income attributed to these subsidiaries.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in the Company's 1998 Annual Report on Form 10-K, in late November 1996, CompuServe notified TeleTech that CompuServe was withdrawing its WOW! Internet service from the marketplace and that effective January 31, 1997, it would terminate all the programs TeleTech provided to CompuServe. Pursuant to its agreement with TeleTech, CompuServe was entitled to terminate the agreement for reasonable business purposes upon 120 days' advance notice and payment to TeleTech of a termination fee calculated in accordance with the agreement. In December 1996, TeleTech filed suit against CompuServe in the Federal District Court for the Southern District of Ohio to enforce these termination provisions and collect the termination fee. CompuServe filed a counterclaim in December 1996 alleging that the Company breached other provisions of this agreement and seeking unspecified monetary damages. In March 1997, CompuServe asserted a right to offset certain accounts receivable it owes to the Company for services rendered against the amount that may be awarded to CompuServe on its counterclaim, if any. These accounts receivable total \$4.3 million. In mid-1997, because of the proposed acquisition of CompuServe by WorldCom, the parties agreed to delay proceedings in the lawsuit. In December 1997, proceedings related to the lawsuit were recommenced and then stayed again pending settlement negotiations, which currently are moving forward. Although the Company believes that these legal proceedings will not have a material adverse effect on the Company's financial condition or results of operations, the ultimate outcome of the proceedings is uncertain.

From time to time, the Company is involved in litigation, most of which is incidental to its business. In the Company's opinion, no litigation to which the Company currently is a party is likely to have a material adverse effect on the Company's results of operations or financial condition.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following documents are filed as an exhibit to this report:

- 10.15 Employment Agreement dated March 2, 1998 between Joseph Livingston and TeleTech
- 10.16 Employment Agreement dated February 25, 1999 between Steven B. Coburn and TeleTech
- 10.17 Employment Agreement dated March 11, 1998 between Deborah C. Gentry and TeleTech
- 10.18 Employment Agreement dated March 16, 1999 between Vincent Cipolla and TeleTech
- 27.1 Financial Data Schedule

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 thereunto duly authorized.

TELETECH HOLDINGS, INC.

(Registrant)

Date: May 11, 1999

/s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
Chairman of the Board, and Chief
Executive Officer

Date: May 11, 1999

/s/ STEVEN B. COBURN

Steven B. Coburn, Chief Financial
Officer

Employment agreement: Joseph D. Livingston

March 2, 1998

Terms of Agreement:

TERM: 3 years

TITLE: As agreed between J. Livingston & K. Tuchman

COMPENSATION:

Base: \$380,000 (Annual review of 10% minimum, when President hired)

Annual Bonus: \$150,000

Stock: 180,000 shares @ \$8.50 Vesting monthly; Immediate vesting if sold/merged and/or acquired.

Life Insurance: Additional 5 million dollars

Board: Will be proposed as next internal, w/president

OTHER: No "At-will Clause"
Non-Compete Clause, 1 yr.
Paid unused vacation annually (4 wks)
Country Club Membership

All other terms of condition apply from previous employment Agreement.

Agreed:

/s/ Kenneth D. Tuchman

Kenneth D. Tuchman
Chairman, President & CEO

Agreed:

/s/ Joseph D. Livingston

Joseph D. Livingston
Executive VP & COO

FEBRUARY 25, 1999

Steven B. Coburn
TeleTech
1700 Lincoln Street
14th Floor
Denver, Colorado 80203-4514

RE: LETTER AGREEMENT

Dear Steve:

I am writing to confirm your agreement with TeleTech Holdings, Inc. ("TeleTech") regarding the amendment of your employment agreement:

1. EFFECTIVE DATE OF THIS AGREEMENT. The Effective Date of this Agreement shall be deemed to be January 1, 1999.
2. TERM. The term of this Agreement shall be 3 years from the Effective Date ("Term").
3. JOB RESPONSIBILITIES. Your job duties and responsibilities as Chief Financial Officer with TeleTech, which are set forth more fully in your Employment Agreement, dated as of April 1, 1996 ("Employment Agreement") shall remain as provided in such Employment Agreement.
4. BASE SALARY. Subject to the terms and conditions of this Agreement, as of the Effective Date, your Annual Base Salary shall be \$250,000.00.
5. BONUS. You will be eligible to receive an Annual Discretionary Bonus of up to 50% of your Annual Base Salary, of which \$50,000.00 shall be guaranteed.
6. ADDITIONAL STOCK OPTIONS. You will be entitled to 120,000 additional Non-Qualified Stock Options upon the following terms and conditions:
 - a. STRIKE PRICE. \$6.00 per share;
 - b. VESTING. Except as otherwise provided herein, these stock options will vest in equal monthly installments over a 3-year period, beginning as of the Effective Date, and continuing thereafter, as long as you remained employed by TeleTech.

- c. EXERCISE DATE. Subject to the restrictions of the securities laws and other applicable rules and regulations, only vested stock options are exercisable. Except as otherwise provided herein, any stock options which are not vested on the date of termination of your employment for any reason shall be null, void and of no effect.
 - d. STOCK PLAN. The stock options granted by this Agreement shall be subject to TeleTech's Stock Plan as may be amended from time-to-time.
 - e. CHANGE OF CONTROL. In the event of a Change of Control, all of your unvested stock options (including any unvested stock options previously granted to you pursuant to the TeleTech Holdings, Inc. Non-Qualified Stock Option Agreement dated as of September 7, 1995 (the "Non-Qualified Stock Option Agreement"), as well as any unvested options granted to you pursuant to this Agreement) will immediately vest and become exercisable. The meaning of "Change of Control" shall be as set forth in EXHIBIT 1 attached hereto.
 - f. NOTICE OF INTENT TO EXERCISE TELETECH OPTIONS OR SELL TELETECH SHARES. Prior to exercising any vested options or selling any shares owned by you, you must give TeleTech written notice that you intend to do so.
7. ADDITIONAL FRINGE BENEFITS. You will receive health insurance, vacations and other employee benefits that are generally made available to executive employees. In addition, you shall receive life insurance benefits in amounts not less than \$4,000,000.00.
8. OTHER EXISTING AGREEMENTS. Except for those provisions which have been deleted or modified on the copies attached as Exhibits hereto or as provided herein, and except as otherwise specifically inconsistent with the provisions of this Agreement, the parties hereto reaffirm their agreement to and the effectiveness of the following agreements:
- A. The Letter Agreement dated as of September 5, 1995, which is attached hereto as EXHIBIT 2;
 - B. The Employment Agreement dated as of April 1, 1996, which is attached hereto as EXHIBIT 3, (except for paragraph 13.4, which shall be replaced with the following language: "The Arbitrator's fees shall be borne by the Company. Notwithstanding the above, the Arbitrator shall have the discretion to require the losing party to reimburse the prevailing party for the Arbitrator's fees paid by the prevailing party");
 - C. The TeleTech Holdings, Inc. Non-Qualified Stock Option Agreement dated as of September 7, 1995, which is attached hereto as EXHIBIT 4 (the "Non-Qualified Stock Option Agreement");

- D. The Special Release and Covenant executed in 1996, which is attached hereto as EXHIBIT 5, and which you expressly ratify and affirm as in full force and effect as of the date that you execute this Agreement;
- E. The Agreement for At-Will Employment dated as of June 21, 1996, which is attached hereto as EXHIBIT 6;
- F. The Arbitration Agreement dated as of June 22, 1995, which is attached hereto as EXHIBIT 7 (except for paragraph 10.2, which shall be replaced with the following language: "The Arbitrator's fees shall be borne by the Company. Notwithstanding the above, the Arbitrator shall have the discretion to require the losing party to reimburse the prevailing party for the Arbitrator's fees paid by the prevailing party");
- G. The Employee Proprietary Information and Invention Agreement dated as of June 6, 1995, which is attached hereto as EXHIBIT 8;
- H. The Confidentiality Agreement dated as of January 10, 1996, which is attached hereto as EXHIBIT 9; and
- I. The miscellaneous agreements executed by you in connection with your employment, which are attached hereto as EXHIBIT 10.

Each of these agreements shall be deemed to be incorporated into this Agreement by reference.

- 9. PAST COMPENSATION. You agree that, except for compensation due to you under this Agreement, the Non-Qualified Stock Options due to you under the terms and conditions and vesting schedules of the Non-Qualified Stock Option Agreement and any unused vacation time, you are owed no additional compensation of any type whatsoever for any period prior to and up to the Effective Date.
- 10. SEVERANCE IN THE EVENT OF TERMINATION BY TELETECH WITHOUT CAUSE. In the event that you are terminated by TeleTech without cause (i.e., for any reason other than for the reasons specifically identified as Termination "For Cause" in paragraph 11 hereof), you shall receive severance benefits equal to: (a) 6 months of your Annual Base Salary (i.e., \$125,000.00); and (b) a 6-month pro-rata share of all of the Annual Discretionary Bonus for which you are eligible (i.e., \$62,500.00); and (c) the immediate vesting of any stock options that are scheduled to vest in accordance with the vesting schedules of the Non-Qualified Stock Option Agreement and this Agreement within 13 months after the date of your termination. In this regard, you agree to execute a reasonable and mutually agreeable separation agreement and mutual release and other related documents in connection with

your receipt of the severance benefits contained herein.

11. TERMINATION "FOR CAUSE." For purposes of this Agreement, termination by TeleTech "For Cause" shall be deemed to consist of the following: (a) the willful refusal to perform your duties as Chief Financial Officer; (b) the breach of this Agreement; (c) fraud, theft, embezzlement, conviction of a felony (or a misdemeanor resulting or intended to result in gain or personal enrichment at the expense of TeleTech); or (d) violations of any laws or regulations in the conduct of TeleTech's business or on TeleTech's premises.
12. AT-WILL EMPLOYMENT. You agree that your employment at TeleTech as of and after the Effective Date of this Agreement shall be "At-Will" and may be terminated by either Party at any time with or without notice and with or without cause. Nothing contained herein or otherwise shall be deemed to be a commitment to or guarantee of future employment.
13. RELEASE OF CLAIMS. Except as otherwise provided in this Agreement, for and in consideration of the benefits provided herein and your continued employment hereunder, you on behalf of yourself and any heirs and dependents, executors, administrators and assigns hereby release and discharge TeleTech and any of its shareholders, officers, directors, partners, employees, agents, contractors, attorneys, assigns, parent companies, subsidiary companies, affiliates, predecessors-in-interest, successors and assigns (hereinafter, "Releasees") from any and all rights, claims, causes of action, liability, damages, attorney's fees and costs of any kind or nature, whether known or unknown, which you ever had or now have against Releasees by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter occurring up to and including the date of this agreement and arising out of, connected with or incidental to your employment with TeleTech. FOR PURPOSES OF THIS SECTION, YOU ACKNOWLEDGE THAT THIS RELEASE OF CLAIMS IS EFFECTIVE AS OF THE DATE OF EXECUTION HEREOF and not as of the Effective Date as defined herein.
13. MISCELLANEOUS.
 - a. The parties agree that this Agreement is fair and reasonable and has been entered into freely and voluntarily after good faith, arms length negotiations.
 - b. You agree that you have been advised to seek independent counsel regarding the terms and conditions and the negotiation of this Agreement.
 - c. You agree that you are the owner of any claims, etc. released by this Agreement and that you have not assigned any claims, etc. related to TeleTech to anyone.
 - d. The parties agree that, in entering into this Agreement, they have not relied upon any representations, warranties, promises and/or any conditions made

by the other party which are not specifically set forth in this Agreement.

- e. This Agreement will be governed by Colorado law.
- f. This Agreement was negotiated and drafted jointly.
- g. This Agreement, including the Exhibits, contains the entire agreement between the parties relating to its subject matter, supersedes all prior agreements, negotiations, and oral understandings, if any, and may not be amended, supplemented, or discharged, except by an instrument in writing signed by each of the parties.

- h. The parties agree that there are no collateral oral agreements between them with respect to the subject matter of this Agreement, or otherwise.

ACCEPTED AND AGREED TO:

TELETECH

/s/ Kenneth D. Tuchman

KENNETH D. TUCHMAN
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

/s/ Steven B. Coburn

STEVEN B. COBURN

EXHIBIT 1
CHANGE OF CONTROL

For purposes of this Agreement, "Change of Control" shall mean the any of the following:

(i) any consolidation, merger or other similar transaction (A) involving TeleTech, if TeleTech is not the continuing or surviving corporation, or (B) which contemplates that all or substantially all of the business and/or assets of TeleTech will be controlled by another corporation;

(ii) any sale, lease, exchange or transfer (in one transaction or series of related transactions) of all or substantially all of the assets of TeleTech;

(iii) approval by the stockholders of TeleTech of any plan or proposal for the liquidation or dissolution of TeleTech, unless such plan or proposal is abandoned within 60 days following such approval;

(iv) the acquisition by any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), or two or more persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the outstanding shares of voting stock of TeleTech; provided, however, that for purposes of the foregoing, "person" excludes Kenneth D. Tuchman and his affiliates; or

(v) if, during any period of 15 consecutive calendar months commencing on the date of this Agreement, those individuals (the "CONTINUING DIRECTORS") who either (A) were directors of TeleTech on the first day of each such period, or (B) subsequently became directors of TeleTech and whose actual election or initial nomination for election subsequent to that date was approved by a majority of the Continuing Directors then on the board of directors of TeleTech, cease to constitute a majority of the board of directors of TeleTech.

[TeleTech Letterhead]

March 11, 1998

Ms. Deborah Gentry
42 Arbor Creek Drive
Pittsford, NY 14534

Dear Deborah:

It is with pleasure that we extend you this offer of employment as Senior Vice President of Global Human Resources with TeleTech Services Corporation ("TeleTech") in our Denver executive headquarters. You will report to Ken Tuchman and/or to TeleTech's President. Upon acceptance of this offer, you will become an integral part of a selected team of professionals who thrive upon and demand excellence. Great care has been taken to select what we believe is the "best of the best" to complement a total team effort dedicated to TeleTech's mission.

Your base salary will be \$185,000. You will receive a guaranteed annual bonus of 30% of your base upon completion of your first year. Following your first year, you will have a bonus opportunity of 30% of your base, to be awarded based upon satisfactory achievement of MBO goals mutually agreed upon from year to year. You will have an opportunity for input and participation in this process. You will start with TeleTech no later than April 1, 1998, or such other date as you and I may mutually agree (your "Start Date").

You will receive vacation accrued each pay period initially to a maximum of 3 weeks per year, and after the third anniversary of your Start Date, 4 weeks per year. You will be eligible for TeleTech's medical and dental insurance plans on the first of the month following a mandatory 90-day waiting period after the Start Date. TeleTech will reimburse any COBRA payments that you may have during that period. You will be eligible for TeleTech's 401(k) plan during the enrollment period which follows your first 6 months of service.

On the first anniversary of your Start Date, and each of the following anniversaries of your Start Date, you will be eligible under the Stock Plan (the "Plan") for TeleTech's non-qualified incentive stock options exercisable for up to 100,000 shares at \$9.50 per share

under the Plan, which will cliff-vest (i.e., vest on each anniversary with no accrual for any partial year) as follows:

year 1 - -	20% of options
year 2 - -	20% (cumulative 40%)
year 3 - -	20% (cumulative 60%)
year 4 - -	20% (cumulative 80%)
year 5 - -	20% (cumulative 100%)

Your option agreement will also provide that vesting of your awarded options will accelerate forward two years upon a change of control of TeleTech Holdings, Inc. ("THI"), meaning that (1) Ken Tuchman owns or controls beneficially less than 20% of THI common stock, and (2) within 6 months after such change, your title, responsibilities, or compensation are materially diminished. TeleTech is presently considering creating an Executive Stock Plan (the "Executive Plan"), to award additional options to key employees, and you will be eligible to participate in the Executive Plan when it is set up. Except as stated above for a change for control, all vesting will be contingent upon continued employment.

You will also be eligible to participate in the Employee Stock Purchase Plan ("ESPP") in accordance with its terms. Under the ESPP, participating employees may elect to withhold up to 10% of their compensation (to a maximum of \$15,000) in any calendar year. TeleTech then periodically sells to each participating employee as many shares of stock as can be purchased with that employee's total withholdings during that period. The price for the stock under the ESPP is the lower of 90% of the fair market value of the stock on either the first business day or the last business day of any offering period, subject to the discretion of the Compensation Committee and the terms of the ESPP.

TeleTech will reimburse you for reasonable and necessary expenses up to \$85,000, incurred by you within 1 year after your signing of this letter, upon submission of satisfactory documentation. "Relocation expenses" shall mean temporary living expenses (which shall cease upon your purchase or long-term rental of a home in Denver), travel expenses in accordance with TeleTech's travel policy, all costs associated with the buying and selling of Gentry properties and leases (including buying down mortgage points) and moving expenses.

Your employment with TeleTech will be formalized in standard agreements, required for all our executives, which will incorporate the terms of this letter. Your employment agreement will further provide for payment to you of \$92,500 in the event in any termination without cause. Your TeleTech agreements will also provide for non-competition, non-disclosure, protection of trade secrets and confidentiality, and mandatory and binding arbitration.

Ms. Deborah Gentry
March 11, 1998
Page 3

We are extremely excited at the prospect of your joining our executive team.
If you have any questions, please contact me.

Ms. Deborah Gentry
March 11, 1998
Page 4

Please execute two copies of this Agreement, returning an original to me and retaining one for your files.

Sincerely,

/s/ Kenneth D. Tuchman

Kenneth D. Tuchman
President and CEO

I agree to the terms and conditions of this offer of employment and will begin working for TeleTech Holdings, Inc. no later than April 1, 1998.

Signed: /s/ Deborah Gentry

Deborah Gentry

Date: 3/11/98

This offer is extended and is dependent upon reference checking, presenting of appropriate documentation to measurement Immigration and Naturalization requirements and upon receipt of a signed Non-Disclosure/Non-Compete Agreement upon your arrival; a valid drivers license or ID card and Social Security card, birth certificates, or unexpired INS Employment Authorization, or a valid U.S. Passport or Certificate of Naturalization.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is entered into as of March 16, 1999 by and between TeleTech Holdings, Inc., a Delaware corporation ("TELETECH" or "EMPLOYER"), and Vincent Cipolla ("EMPLOYEE").

W I T N E S S E T H:

WHEREAS, Employee currently is employed by Pamet River, Inc., a Massachusetts corporation ("PAMET"), and Pamet has agreed to merge with and into a wholly-owned subsidiary of TeleTech (the "MERGER");

WHEREAS, as a condition precedent to consummation of the Merger, Employer has agreed to employ Employee, and Employee has agreed to accept employment with Employer, in accordance with the terms and conditions set forth herein;

WHEREAS, Employer is engaged in the business of providing strategic assessment of marketing needs, database and integrated marketing services, such as advertising, direct response and public relations (together with any similar activities in which the Company is engaged as of the date hereof, the "BUSINESS");

WHEREAS, Employee has had an opportunity to review the terms and conditions of this Agreement, to negotiate the terms hereof and to engage independent legal counsel on his behalf; and

WHEREAS, in consideration of Employer's employment of Employee, the terms, conditions and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Employee and Employer agree to execute and be bound by this Agreement.

NOW THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. RECITALS. Each of the above recitals is incorporated into this Agreement and is binding upon the parties hereto.

2. EMPLOYMENT; DUTIES.

(a) Employer hereby employs Employee as Chief Executive Officer of Pamet, as it is operated after the Merger as a separate division or subsidiary of TeleTech (the "DIVISION"), and as Chief Marketing Officer of TeleTech, and Employee hereby accepts such employment with Employer. Employee shall devote his full time and best efforts to the performance of all duties as shall be assigned to him from time to time by Employer and shall use his best efforts to promote the business and prospects of Employer. Unless otherwise specifically

agreed in writing by Employer, Employee shall not engage in any other business activity or be gainfully employed other than pursuant to this Agreement. Employee acknowledges that, as part of his employment duties hereunder, Employee may be required to perform services for subsidiaries of Employer, on behalf of and as requested by Employer.

(b) In performing his duties hereunder, Employee shall report directly to, and shall be subject to the supervision of, (i) Kenneth D. Tuchman, so long as he serves as the Chairman of the Board and as the Chief Executive Officer and President of TeleTech, or (ii) if and after Kenneth D. Tuchman ceases to serve as the Chief Executive Officer and President of TeleTech, the President of TeleTech; provided that the President of TeleTech reports directly to the Chairman of the Board of TeleTech, otherwise Employee shall report directly to and shall be subject to the supervision of the Chief Executive Officer of TeleTech. Employee shall have such authority and responsibilities with respect to the Division that are commensurate with the authority and responsibility of the chief executive officer (or the equivalent) of other comparable operating subsidiaries of TeleTech, including the authority to hire and fire employees of the Division.

3. BASE COMPENSATION. Employer shall pay to Employee the sum of \$350,000.00 per year (the "SALARY") less applicable income tax withholdings. The Salary shall be payable in equal bi-weekly installments in accordance with Employer's customary compensation policies.

4. PERFORMANCE BONUSES.

(a) ANNUAL BONUS. Employee will be entitled to receive an annual bonus of up to 50% of the Salary (the "ANNUAL BONUS") if the Employee and the Division achieve certain performance targets and management objectives mutually established by Employee and Employer prior to the first day of each fiscal year (or as soon thereafter as practicable); PROVIDED that, the performance targets and objectives with respect to fiscal 1999 shall be mutually agreed by Employee and Employer no later than 90 days after the date hereof. The financial statements of the Division, as compiled in connection with the annual audit of Employer's consolidated financial statements for any fiscal year, shall be conclusive evidence of whether Employee is entitled to all or any portion of the Annual Bonus for such fiscal year, to the extent such performance target can be derived therefrom. The Annual Bonus, or any portion thereof to which Employee is entitled, shall be paid to Employee no more than ten business days after the date of the report issued by TeleTech's independent auditors with respect to TeleTech's consolidated financial statements for the fiscal year to which the Annual Bonus relates.

(b) CONTINGENT BONUS. Employee will be entitled to receive a bonus (the "CONTINGENT BONUS") pursuant to the Pamet River, Inc. Bonus Plan, a copy of which is attached hereto as EXHIBIT A (the "PLAN"), if and to the extent that the Division achieves the Operating Income Targets specified in the Plan. The determination of whether Employee is entitled to the Contingent Bonus, and the amount and method of payment of the Contingent Bonus with respect to any fiscal year, shall be governed by the provisions of the Plan.

(c) OTHER BONUS. Employee will be entitled to participate in such other bonus plans that Employer may, in its sole discretion, make generally available to senior management of Employer.

5. EMPLOYEE BENEFITS.

(a) HOLIDAYS AND VACATION TIME. Employee shall be entitled to such paid holidays and vacation time as is consistent with Employer's standard holiday and vacation policy applicable to senior management of Employer.

(b) SICK LEAVE. Employer will continue to pay the Salary in full during any absences due to illness or involuntary injury in accordance with Employer's standard sick leave policy applicable to senior management of Employer. Under Employer's standard policy as in effect on the date hereof (which may be amended in Employer's discretion), Employee is entitled to a period of absence due to illness or involuntary injury of up to six days in each 12-calendar month period, which entitlement accrues separately with respect to each 12-month period. Upon request by Employer, Employee must provide evidence, to the reasonable satisfaction of Employer, that any absence was due to illness or involuntary injury of Employee.

(c) OTHER BENEFITS. Subject to Employer's rules, policies and regulations as in effect from time to time (and subject to applicable eligibility requirements, including minimum employment period), Employee shall be entitled to all other rights and benefits for which Employee may be eligible under any: (i) group life insurance, disability or accident, death or dismemberment insurance, (ii) medical and/or dental insurance program, (iii) 401(k) benefit plan, (iv) non-qualified deferred compensation plan, or (v) other employee benefits that Employer may, in its sole discretion, make generally available to senior management of Employer; PROVIDED, HOWEVER, that nothing herein shall obligate Employer to establish or maintain any of such benefits or benefit plans.

(d) SENIORITY. Employer agrees that, for employee benefits purposes, Employee shall be given credit (as an employee of Employer) for his period of service with Pamet and shall maintain his seniority (as recognized by Pamet as of the date hereof).

6. PARTICIPATION IN STOCK PLAN.

(a) STOCK OPTIONS GRANTED. Employer agrees to grant to Employee an option to purchase 300,000 shares of TeleTech common stock, par value \$.01 per share ("COMMON STOCK"), which option will be granted on or about the date of this Agreement (the "OPTION"). The Option will be granted pursuant to TeleTech's 1999 Stock Option and Incentive Plan, which will be submitted for the approval of the stockholders of TeleTech at its Annual Meeting of Stockholders to be held in May 1999 or, if such approval is not sought or obtained, TeleTech's existing Stock Plan, as Amended and Restated, or any other similar stock option plan adopted by TeleTech (the applicable plan, the "STOCK PLAN"). The Option will (i) have an exercise price equal to the fair market value of the Common Stock on the grant date, (ii) vest pro rata over the five years following the date of grant (subject to acceleration in accordance with the terms set forth in the option agreement executed by Employee and TeleTech), and (iii) otherwise be governed by and subject to the terms of the Stock Plan and TeleTech's standard form of option agreement for the Stock Plan, which shall be executed by TeleTech and Employee concurrently with the grant of such Option.

(b) OTHER STOCK PLAN BENEFITS. Subject to Employer's rules, policies and regulations as in effect from time to time (and subject to applicable eligibility requirements, including minimum employment period), Employee may be eligible to receive other benefits under the Stock Plan and under the TeleTech Holdings, Inc. Employee Stock Purchase Plan, which benefits will be granted in the sole and absolute discretion of the committees administering such plans and will be subject to the terms of such plans. Employee's receipt of any such benefits will be contingent upon Employee signing such option agreements or other instruments that Employer deems to be necessary or appropriate and to such other restrictions as are required by the plans and/or applicable law.

(c) EMPLOYER'S SOLE DISCRETION REGARDING STOCK, ETC. Subject to Section 6(a), Employee acknowledges and agrees that Employer has the right, in its sole discretion, to make all decisions regarding its stock, stock rights, Stock Plan benefits, profits, debt and equity configuration, including but not limited to what types, when and to whom to issue stock, stock rights, Stock Plan benefits, profits, debt and equity interests.

7. TERM.

(a) The term of this Agreement and Employee's employment hereunder shall commence as of the date hereof and shall terminate on the date two years after the date hereof (the "TERM"). Subject to Sections 7(b) and 8(b), upon expiration of the Term, Employee will be entitled to only (i) unpaid compensation for services rendered through the date of termination (including a pro rata amount of the Salary and any Annual Bonus and Contingent Bonus earned but not paid), (ii) employee benefits through the date of termination, and (iii) subject to the terms of the Stock Plan and applicable award agreement, benefits under the Stock Plan awarded and vested prior to the date of termination.

(b) If Employer terminates Employee's employment hereunder prior to expiration of the Term other than "For Cause" (an "INVOLUNTARY TERMINATION"), then Employee shall be entitled to receive (i) a pro rata amount of the Salary from the date of termination until the earlier of six months after the date of termination or the expiration of the Term, and (ii) a pro rata portion of the Annual Bonus for the fiscal year in which the termination occurred, computed through the earlier of six months after the date of termination or the end of the Term, if and to the extent that the performance targets and management objectives with respect to the Annual Bonus for such fiscal year have been achieved on a year-to-date basis as of the date of termination. An Involuntary Termination shall include Employee's voluntarily termination of his employment hereunder (A) within 30 days after Employer materially reduces Employee's duties and responsibilities hereunder or effects a permanent change in Employee's duties and responsibilities that are materially inconsistent with Employee's duties and responsibilities then in effect (other than as a result of Employee's repeated failure to meet performance levels or management objectives as then in effect), (B) within 30 days after Employer's receipt of written notice from Employee that Employer is in material breach of its obligations under this Agreement, which material breach has not been cured during such 30-day period, or (C) promptly after Employer requires or demands that Employee do something known to be unethical, immoral or illegal.

8. TERMINATION FOR CAUSE.

(a) Notwithstanding Section 7, Employer may terminate Employee's employment immediately upon the occurrence of any of the following (each, a termination "FOR CAUSE"):

(i) the death of Employee;

(ii) Employee's failure or inability to fully perform his duties hereunder as a result of any mental, physical or emotional disability or condition that lasts, or is reasonably expected to last, for 90 days (whether or not consecutive) in any 12-month period or for any 60 consecutive days, which disability or condition shall be determined, in Employer's discretion, by a physician selected by Employer subject to Employee's reasonable approval (which approval shall not be unreasonably delayed or denied);

(iii) Employee's substantial or repeated failure to meet performance levels or management objectives as established by Employer from time to time;

(iv) Employee's failure to comply with (A) any lawful directives, rules or policies of the Board of Directors of Employer or any officer of Employer to whom Employee reports or (B) Employer's employee code of ethics, as the same may be adopted and amended from time to time;

(v) Employee's conviction or plea of nolo contendere for any felony or any crime involving moral turpitude, or the commission by Employee of 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 Employee's employment;

(vi) Employee's unexplained and repeated absence from work or Employee's failure to perform his duties hereunder, which failure amounts to a material neglect of his duties to Employer and is not cured within 10 days after written notice thereof by Employer;

(vii) Employer's reasonable belief that Employee has breached any other material covenant or agreement of this Agreement, including, without limitation, Sections 10 and 11, and such breach is incapable of cure or, if curable, Employee has not remedied such breach within seven days of receipt of notice from Employer specifying the breach; or

(viii) the impending threat upon Employer, as determined by Employer in its reasonable discretion, of any criminal or civil liability caused by or arising out of the unlawful action or inaction of Employee.

(b) In the event Employee is terminated "For Cause," Employee will be entitled to receive only (i) unpaid compensation (including a pro rata amount of the Salary) for services rendered through the date of termination, (ii) employee benefits through the date of termination, and (iii) subject to the terms of the Stock Plan, benefits under the Stock Plan awarded and vested prior to the date of termination that are not forfeited as a result of such termination.

9. INVENTIONS AND OTHER MATTERS.

(a) Employee agrees that all ideas, inventions, discoveries or improvements made at any time during the period of Employee's employment (as determined in accordance with Section 9(b)), including, without limitation, new machines, devices, computer software (including, without limitation, source code, operating systems and specifications, data, data bases, files, documentation and other materials related thereto), programs, processes, uses, apparatuses, specialized information relating in any way to or is useful in the business or products of Employer or Employer's actual or demonstrably anticipated research or development, trade marks or service marks, designs or compositions of any kind that Employee, individually or with others, that may originate or develop or has originated or been developed, while employed by Employer (collectively, "INVENTIONS"), shall belong to and be the sole property of Employer and shall constitute works made pursuant to Employee's employment with Employer or works specially ordered or commissioned as "works made for hire" under the United States Copyright Act and other applicable law. Without limiting the foregoing, Employee hereby assigns and transfers to Employer all rights, title, and interest of whatever nature that Employee may have, including, without limitation, any patent, trade secret, trademark or service mark rights (and any goodwill

appurtenant thereto), any rights of publicity and any right, title and interest in any copyright and any right that may affix under any copyright law now or hereinafter in force and effect, in the United States or in any other country or countries, in and to any Invention. Employee acknowledges and agrees that Employer also shall have the royalty-free right to use in its businesses, and to make and sell products, processes, programs, systems designs, methods, formulas, apparatus, techniques, and services derived from any Inventions (whether or not patentable or copyrightable), as well as all improvements thereof or know-how related thereto. The provisions of this Section 9 extend back nunc pro tunc to the Employee's date of first employment by Pamet and by Employer and extend into the future. Further, the provisions of this Section 9 shall survive termination of this Agreement for any reason.

(b) For purposes of this Agreement, an Invention shall be deemed to have been "made at any time during the period of Employee's employment" if, during such period, the Invention was conceived, in part or in whole, or first actually reduced to practice. Employee agrees that any patent, copyright or trade mark application filed by or for the benefit of Employee or any of his affiliates within one year after termination of Employee's employment shall be presumed to relate to an Invention made during the term of his employment and Employee shall have the burden of proof to prove otherwise.

(c) This Section 9 shall not apply to an Invention for which no equipment, supplies, facilities or Confidential Information of Employer was used and that was developed entirely on Employee's own time, unless (i) the invention relates in any way to or is useful in the business or products of Employer, or Employer's actual or demonstrably anticipated research or development, or (ii) results from any work performed by Employee for or on behalf of Employer.

(d) Employee agrees, without further consideration, to (i) promptly disclose each such Invention to Employer, to Employee's immediate supervisor and to such other individuals as Employer may direct, (ii) execute and to join others in executing such applications, assignments and other documents as may be necessary or convenient to vest in Employer, or its designee, full title to each such Invention and as may be necessary or convenient to obtain United States and foreign patents and copyrights thereon, to the extent Employer may so choose in its sole discretion, (iii) testify in any legal proceeding relative to such Invention whenever requested to do so by Employer, and (iv) furnish all facts relating to said Inventions or the history thereof.

(e) Employee agrees that he will not any time, except as authorized or directed by Employer, publish or disclose any information or knowledge constituting or concerning any Invention or Inventions.

10. CONFIDENTIAL INFORMATION.

(a) Employee recognizes that he will occupy a position of trust with respect to Employer and that, in connection with the performance of his duties, Employer will make available to Employee, and Employee will have access to, certain Confidential Information (as

defined herein). Employee acknowledges and agrees that any and all Confidential Information learned or obtained by Employee during the course of his employment by Employer or otherwise, whether developed by Employee alone or in conjunction with others or otherwise, shall be and is the property of Employer and its affiliates.

(b) Employee shall not disclose, directly or indirectly, and will keep confidential any and all Confidential Information and will not use any Confidential Information, in any manner, other than in connection with Employee's discharge of his duties hereunder. The provisions of this Section 10 shall survive termination of this Agreement for any reason.

(c) Employee shall return promptly to Employer upon the earliest to occur of termination of this Agreement, termination of Employee's employment with Employer and Employer's request, any and all copies of Confidential Information and all copies of any analyses, compilations, studies or other documents containing or reflecting Confidential Information.

(d) For purposes of this Agreement, the term "CONFIDENTIAL INFORMATION" means all information, data, know-how, systems and procedures of a technical or commercial nature owned by or relating to Employer or any of its affiliates, whether prior to, during or after the termination or expiration of this Agreement, including but not limited to all ideas, concepts, experimental and research data; computer software, including, without limitation, source code, operating systems and specifications, programs, data, data bases, files, documentation and other materials related thereto; service techniques and protocols, business and marketing plans; information relating to financial information, pricing, cost and sales information, contractual arrangements, advertising and promotions, market research data and other information about Employer's and its affiliates' actual and prospective employees, customers, suppliers and vendors; patents and patent applications, inventions and improvements (whether patentable or not), development projects, designs, practices, recipes, processes, methods, know-how, techniques and other facts relating to the business of Employer and its affiliates; and all other trade secrets and information of a confidential and proprietary nature. WITHOUT IN ANY WAY LIMITING THE FOREGOING, "CONFIDENTIAL INFORMATION" ALSO INCLUDES ALL INFORMATION RELATING TO ANY OPTIONS OR OTHER AWARDS GRANTED TO EMPLOYEE, PURSUANT TO THE STOCK PLAN OR OTHERWISE, INCLUDING THE AMOUNT OF ANY SUCH AWARD, THE EXERCISE PRICE AND THE RATE OF VESTING THEREOF.

(e) Employee hereby acknowledges that each parent, subsidiary and other affiliate of Employer is expressly made a third party beneficiary hereto for purposes of protecting its rights and interests hereunder.

11. NON-COMPETITION.

(a) Employer and Employee recognize that Employee has been retained to occupy a position that constitutes part of the professional, management and executive staff of

Employer, whose duties will include the formulation and execution of management policy. Employee, for and in consideration of the payments, rights and benefits provided herein, agrees that so long as he is employed by Employer and, if Employer terminates his employment For Cause or if Employee voluntarily terminates his employment with Employer (other than an Involuntary Termination), for a period of one year thereafter, Employee shall not (i) work, (ii) assist, (iii) own any interest, directly or indirectly and whether individually or as a joint venturer, partner, member, officer, director, shareholder, consultant, employee or otherwise, in or (iv) make a financial investment, whether in the form of equity or debt, in any business that is directly competitive with the Business in the United States, Australia, New Zealand, the United Kingdom, Mexico, Canada or in any other market in which Employer is conducting business at the time Employee's employment with Employer is terminated, with respect to Employer's clients or customers.

(b) Notwithstanding the foregoing, nothing herein shall prohibit Employee from holding 5% or less of any class of voting securities of any entity whose equity securities are listed on a national securities exchange or regularly traded in the over-the-counter market and for which quotations are readily available on the National Association of Securities Dealers Automated Quotation system.

(c) Upon the termination of Employee's employment with Employer, and for one year thereafter, Employee shall immediately notify Employer of each employment or agency relationship entered into by Employee, and each corporation, proprietorship or other entity formed or used by Employee, the business of which is directly or indirectly, similar to or in competition with the business of Employer. The provisions of this Section 11 shall survive termination of this Agreement for any reason.

(d) Employee agrees that the restrictions contained in this Section 11 are reasonable as to time and geographic scope because of the nature of the Business and Employee agrees, in particular, that the geographic scope of this restriction is reasonable because companies in the same industry as the Business compete on a nationwide basis. Employee acknowledges that the Company is in direct competition with all other companies that provide services similar to the Company's products and services throughout the United States, Australia, New Zealand, the United Kingdom, Mexico, Canada and other markets in which Employer may be conducting business at the time Employee's employment with Employer is terminated, and because of the nature of the business, Employee agrees that the covenants contained in this Section 11 cannot reasonably be limited to any smaller geographic area.

12. NON-SOLICITATION AND NON-INTERFERENCE.

(a) Employee acknowledges that Employer has invested and will continue to invest substantial time and effort in assembling its present staff of personnel. Employee agrees that so long as he is employed by Employer and, if Employer terminates his employment For Cause or if Employee voluntarily terminates his employment with Employer (other than an

Involuntary Termination), for a period of one year thereafter, Employee shall not either directly or indirectly employ, solicit for employment, or advise or recommend to any other person that such other person employ or solicit for employment, any of Employer's employees.

(b) Employee acknowledges that all customers of Pamet or Employer, which Employee has serviced or hereafter services during Employee's employment by Pamet or Employer and all prospective customers from whom Employee has solicited or may solicit business while in the employ of Employer, are and shall be customers solely of Employer. Employee agrees that so long as he is employed by Employer and, if Employer terminates his employment For Cause or if Employee voluntarily terminates his employment with Employer (other than an Involuntary Termination), for a period of one year thereafter, Employee shall not directly or indirectly solicit business, as to products or services competitive with the Business of Employer, from any of Employer's customers with whom Employee had contact during his employment with Employer.

(c) Employee agrees that so long as he is employed by Employer and, if Employer terminates his employment For Cause or if Employee voluntarily terminates his employment with Employer (other than an Involuntary Termination), for a period of one year thereafter, Employee shall not directly or indirectly interfere with any relationship between Employer and any of its suppliers, clients or employees. Employee agrees that during such one year period, he will not influence or attempt to influence any of the customers or clients of Employer not to do business with Employer.

(d) Employee agrees that the restrictions contained in this Section 12 are reasonable as to time and geographic scope because of the nature of the Business and Employee agrees, in particular, that the geographic scope of this restriction is reasonable because companies in the same industry as the Business compete on a nationwide basis. Employee acknowledges that the Company is in direct competition with all other companies that provide services similar to the Company's products and services throughout the United States, Australia, New Zealand, the United Kingdom, Mexico, Canada and other markets in which Employer may be conducting business at the time Employee's employment with Employer is terminated, and because, of the nature of the Business, Employee expressly agrees that the covenants contained in this Section 12 cannot reasonably be limited to any smaller geographic area.

13. EMPLOYMENT RELATIONSHIP. The relationship between Employer and Employee is and shall be specifically limited to an employer/employee relationship. As a result, nothing contained in this Agreement or relating to any past, present or future relationship between Employee and Employer (employment or otherwise) shall be construed as creating any partnership, joint venture, trustee/beneficiary or other type of fiduciary or business relationship between the parties.

14. PRIOR OBLIGATIONS. Employee represents and warrants that (a) Employee has no obligation of confidence or other commitments to any previous employer or any others that

conflict with this Agreement or restrict Employee's field of activities, except those, if any, as set forth on SCHEDULE B hereto, and (b) no other agreement to which Employee is subject will conflict with, prevent, be breached by, interfere with or in any manner affect the terms and conditions of this Agreement.

15. DEDICATION OF SERVICES. Employee agrees that while employed with Employer, Employee shall devote his entire productive time, ability and attention to the business of Employer during Employer's normal business hours. Employee further agrees that during his employment by Employer, Employee will not, without Employer's prior written consent, directly or indirectly engage in any employment, consulting, or other activity that would conflict with Employee's employment with Employer.

16. USE OF EMPLOYEE IN VIDEOS AND OTHER MEDIA. Employee acknowledges that part of Employee's duties may entail Employee's participation in both audio and video training aids, such as photographs, films, video tapes, audio tape recordings and the like. Employee agrees that during the Term and for so long thereafter as Employer may, in its sole and absolute discretion, desire to use such training aids in which Employee has been involved (whether by filming or photographing Employee, audio or video taping of Employee, combinations thereof, or in any other manner whatsoever) Employer may use any and all such training aids, without further consent or approval from Employee, in Employer's usual business operations and training programs.

17. USE OF EMPLOYEE IN ADVERTISING. Employee acknowledges and agrees that Employer may, in Employer's discretion, use Employee's name and photograph in certain advertising media primarily for the benefit of Employer. Employee understands that such advertising requires substantial lead time to prepare and is usually purchased several months in advance of the actual appearance of the advertising in selected media. Employee therefore agrees that Employer may, throughout the Term and for a reasonable time after the termination of such employment (but not to exceed six months), for any cause or reason whatsoever, use Employee's name and photograph in connection with all advertising deemed necessary or desirable by Employer, in its sole and absolute discretion.

18. EMPLOYEE'S DUTIES UPON TERMINATION. Employee understands and agrees that all documents and notes written by Employee within the scope of his employment with Employer and any and all original and copies of documents Employee received or created while employed by Employer, including but not limited to all correspondence, memoranda, letters, call reports, notes, price lists, training or other manuals, mailing lists, customer lists, advertising materials, information regarding Employer's clients and customers, information regarding Employer's suppliers, information regarding Employer's operations, information regarding Employer's computer programs or equipment, information regarding technology used by Employer, and financial documents, whether such documents constitute Confidential Information, belong exclusively to Employer. Employee shall return all of such materials to Employer promptly upon

the earlier to occur of termination of this Agreement or termination of Employee's employment with Employer.

19. AGREEMENT TO ARBITRATE.

(a) Employer and Employee hereby mutually agree that any disputes that arise between Employee and Employer or any of its officers, directors, stockholders, supervisors, co-employees, agents, partners, subsidiaries, affiliates or successors that cannot be resolved informally shall be decided by submission of the dispute to binding arbitration before a sole neutral arbitrator of JAMS/ENDISPUTE who is a retired judge, at 73 Tremont Street, Boston, MA 02108 pursuant to the AAA's Commercial Arbitration Rules governing such proceedings, and not by a lawsuit or by resort to court process, except as specifically set forth below. BOTH PARTIES ACKNOWLEDGE AND AGREE THAT THEY ARE GIVING UP THEIR RESPECTIVE CONSTITUTIONAL RIGHTS TO HAVE ANY SUCH DISPUTE DECIDED IN A COURT OF LAW BEFORE A JURY, AND INSTEAD ARE ACCEPTING THE USE OF THE ARBITRATION PROCESS.

(b) SCOPE OF ARBITRATION. Except as specifically excluded herein, this Section 19 applies to any and all disputes, INCLUDING, BY WAY OF EXAMPLE ONLY AND NOT LIMITED TO, disputes regarding termination of Employee's employment; discrimination and unlawful harassment of any kind (including, without limitation, claims arising under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000(e) ET SEQ. and the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, ET SEQ.; the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 ET SEQ.; the Family and Medical Leave Act of 1993, 29 U.S.C. Section 2612 ET SEQ.; and all applicable state and local anti-discrimination laws and constitutional provisions); disputes arising under any other applicable federal, state or local labor statutes, regulations or orders; disputes regarding assault and battery; negligent supervision; defamation; invasion of privacy; wages and overtime; and disputes regarding the formation and enforceability of this Section 19. The following types of disputes are excluded from the scope of coverage of this Section 19: (i) workers' compensation claims by Employee for on-the-job injuries; and (ii) any and all claims by Employer against Employee, including claims for injunctive relief, arising out of Employee's breach or threatened breach of Sections 9, 10, 11 and 12 of this Agreement.

(c) GENERAL RULES AND CONDUCT OF ARBITRATIONS.

(i) RIGHT TO COUNSEL. Either party shall have the right to have counsel represent him/it at the arbitration hearing and in pre-arbitration proceedings.

(ii) DISCOVERY. Employer and Employee hereby agree that pre-arbitration discovery shall be permitted in accordance with the Federal Rules of Civil Procedure, except that (A) there shall be no limit on the number of depositions that may be noticed by either party, and (B) in connection with any pre-arbitration disclosure of expert testimony in accordance with Rule 26(a)(2), the timing of the expert disclosure shall be set by the arbitrator.

(iii) AUTHORITY OF ARBITRATOR. The arbitrator shall have the authority to (A) resolve any discovery disputes that arise between the parties and to hold conferences by telephone or in person as necessary; (B) resolve any dispute relating to the interpretation, applicability or enforceability of this Section 19; and (C) entertain a motion to dismiss and a motion for summary judgment, applying the standards governing such motions under Federal Rule Of Civil Procedure 12(b)(6) and Rule 56. The arbitrator is required to render his decision in writing, with an opinion stating the bases of his decision.

(iv) TRANSCRIPT. Either party has the right to have a written transcript made of the arbitration proceedings. The transcript shall be paid for by the party requesting it.

(v) BRIEFS. Either party has the right to file a post-arbitration brief, which shall be considered by the arbitrator.

(d) PAYMENT OF COSTS AND FEES. Each party shall bear its own costs and attorneys' fees incurred in connection with the arbitration. The arbitrator shall have the discretion to award costs to the prevailing party. The arbitrator's fees shall be borne equally by the parties. Each party shall post his or its portion of the arbitrator's anticipated fee prior to the commencement of the arbitration.

(e) APPEALS. Either side shall have the right to appeal the arbitrator's decision by applying to a court of competent jurisdiction (as defined herein) for an order vacating the award for any of the reasons set forth in 9 U.S.C. Section 10, or on the basis that the arbitrator has made a mistake of law or fact. The arbitration decision shall stand if it is supported by substantial evidence. Where the parties to the arbitration meet the diversity of citizenship requirements set forth in 28 U.S.C. Section 1332 and the amount in controversy exceeds \$50,000, exclusive of interest and costs, or where the arbitration has decided a federal question as defined in 28 U.S.C. Section 1331, the court of competent jurisdiction to which the appeal must be made shall be the United States court in and for the district wherein the award was made. Where the parties are not diverse and the arbitrator has not decided a federal question, the court of competent jurisdiction to which the appeal must be made shall be the state trial court in and for the district wherein the award is made.

20. JURISDICTION FOR NON-ARBITRABLE DISPUTES; SERVICE OF PROCESS. Each of the parties hereto agrees and acknowledges that all actions or proceedings initiated by Employer against Employee and arising directly or indirectly out of Sections 9, 10, 11 and/or 12 of this Agreement are excluded from the arbitration provisions of Section 19. The parties further agree that all such actions that are brought to judicial proceedings shall be litigated in the United States District Court for the district of Colorado or, in the event such court cannot or will not exercise jurisdiction, in the state courts of the State of Colorado (the "COURTS"). Each of the parties hereto expressly submits to the jurisdiction and venue of the Courts and consents to process being served in any suit, action or proceeding of the nature referred to above either (a) by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to his or its address as set forth herein or (b) by serving a copy thereof upon such party's authorized agent for

service of process (to the extent permitted by applicable law, regardless whether the appointment of such agent for service of process for any reason shall prove to be ineffective or such agent for service of process shall accept or acknowledge such service); PROVIDED that, to the extent lawful and practicable, written notice of said service upon said agent shall be mailed by registered or certified mail, postage prepaid, return receipt requested, to the party at his or its address as set forth herein. Each party hereto agrees that such service, to the fullest extent permitted by law, (i) shall be deemed in every respect effective service of process upon him or it in any such suit, action or proceeding and (ii) shall be taken and held to be valid personal service upon and personal delivery to him or it. Each party hereto waives any claim that the Courts are an inconvenient forum or an improper forum based on lack of venue or jurisdiction. Each party shall bear its own costs and attorneys' fees incurred in connection with any such actions or proceedings.

21. INJUNCTIVE RELIEF. Employee acknowledges that damages would be an inadequate remedy for Employee's breach of any of the provisions of Sections 9, 10, 11 and/or 12 of this Agreement, and that breach of any of such provisions will result in immeasurable and irreparable harm to Employer. Therefore, in addition to any other remedy to which Employer may be entitled by reason of Employee's breach or threatened breach of any such provision, Employer shall be entitled to seek and obtain a temporary restraining order, a preliminary and/or permanent injunction, or any other form of equitable relief from any court of competent jurisdiction restraining Employee from committing or continuing any breach of such Sections, without the necessity of posting a bond. It is further agreed that the existence of any claim or cause of action on the part of Employee against Employer, whether arising from this Agreement or otherwise, shall in no way constitute a defense to the enforcement of the provisions of Section 9, 10, 11 or 12 of this Agreement.

22. MISCELLANEOUS.

(a) NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given (i) when made, if delivered personally, (ii) three days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or (iii) two days after delivery to a reputable overnight courier service, to the parties, their successors in interest or their assignees at the following addresses, or at such other addresses as the parties may designate by written notice in the manner aforesaid:

To Employer:

TeleTech Holdings, Inc.
1700 Lincoln Street, Suite 1400
Denver, Colorado 80203
Attention: President

To Employee, to his home address as then recorded on the books and records of Employer.

(b) GOVERNING LAW. This Agreement shall be governed as to its validity and effect by the internal laws of the State of Colorado, without regard to its rules regarding conflicts of law.

(c) SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of (i) the heirs, executors and legal representatives of Employee, upon Employee's death, and (ii) any successor of Employer, and any such successor shall be deemed substituted for Employee or Employer, as the case may be, under the terms hereof for all purposes. As used in this Agreement, "successor" shall include any person, firm, corporation or other business entity that at any time, whether by purchase, merger, consolidation or otherwise, directly or indirectly acquires a majority of the assets, business or stock of Employer. Employee acknowledges and agrees that the rights and obligations of Employer hereunder may be assigned to and assumed by any of its wholly or majority-owned subsidiaries, without Employee's consent, which assignment and assumption shall constitute a release of TeleTech, its subsidiaries or any of their respective affiliates that is then bound by the terms of this Agreement, of all of its obligations and liabilities hereunder.

(d) INTEGRATION. This Agreement (together with any option agreement Employer may require Employee to execute in order to avail himself of any Stock Plan benefits specifically contemplated herein and any agreement to release and hold harmless Employer executed concurrently herewith) constitutes the entire agreement between the parties with respect to all matters covered herein, including but not limited to the parties' employment relationship and Employee's entitlement to compensation, commissions and benefits from Employer or any of its affiliated companies and/or the termination of Employee's employment. This Agreement supersedes all prior oral or written understandings and agreements relating to its subject matter and all other business relationships between Employer and/or its affiliated companies.

(e) NO REPRESENTATIONS. No person or entity has made or has the authority to make any representations or promises on behalf of any of the parties which are inconsistent with the representations or promises contained in this Agreement, and this Agreement has not been executed in reliance on any representations or promises not set forth herein. Specifically, no promises, warranties or representations have been made by anyone on any topic or subject matter related to Employee's relationship with Employer or any of its executives or employees, including but not limited to any promises, warranties or representations regarding future employment, compensation, commissions and benefits, any entitlement to stock, stock rights, Stock Plan benefits, profits, debt and equity interests in Employer or any of its affiliated companies or regarding the termination of Employee's employment. In this regard, Employee agrees that no promises, warranties or representations shall be deemed to be made in the future unless they are set forth in writing and assigned by an authorized representative of Employer.

(f) AMENDMENTS. This Agreement may be modified only by a written instrument executed by the parties that is designated as an amendment to this Agreement.

(g) COUNTERPARTS. This Agreement is being executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) SEVERABILITY AND NON-WAIVER. Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable. No waiver of any provision or violation of this Agreement by Employer shall be implied by Employer's forbearance or failure to take action.

(i) ATTORNEY FEES. In the event that any action or proceeding is commenced by any party hereto for the purpose of enforcing any provision of this Agreement, the parties to such action, proceeding or arbitration may receive as part of any award, settlement, judgment, decision or other resolution of such action or proceeding, whether or not reduced to a court judgment, their costs and reasonable attorneys fees as determined by the person or body making such award, settlement, judgment, decision or resolution.

(j) VOLUNTARY AND KNOWLEDGEABLE ACT. EMPLOYEE REPRESENTS AND WARRANTS THAT EMPLOYEE HAS READ AND UNDERSTANDS EACH AND EVERY PROVISION OF THIS AGREEMENT AND HAS FREELY AND VOLUNTARILY ENTERED INTO THIS AGREEMENT.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

EMPLOYER:

TeleTech Holdings, Inc.

By: /s/ Steven B. Coburn

Steven B. Coburn
Chief Financial Officer

EMPLOYEE:

/s/ Vincent Cipolla

Vincent Cipolla

SCHEDULE B

EMPLOYEE'S PRIOR OBLIGATIONS

Employee has the following obligation(s) of confidence or other commitments to previous employer(s) which restrict his field of activities and/or conflict with the confidentiality and/or non-competition provisions of the attached agreement:

None.

This schedule contains summary financial information extracted from TeleTech Holdings, Inc.'s 1999 first quarter Form 10-Q and is qualified in its entirety by reference to such Form 10-Q filing.

3-MOS		
	DEC-31-1999	
	MAR-31-1999	
		13,747
		36,230
		75,423
		3,167
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	132,500	130,023
		43,790
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	59,693	
		24,993
	0	
		0
		609
		171,608
257,940		
		110,638
	110,638	
		74,368
		102,772
		(619)
		0
		416
		8,069
		3,258
	4,811	
		0
		0
		0
		4,811
		0.08
		0.08