FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

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

For the quarterly period ended: JUNE 30, 1998

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	84-1291044
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1700 LINCOLN STREET, SUITE 1400 DENVER, COLORADO	80203
(Address of principal executive office)	(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 X 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	Outstanding at August 4, 1998
Common Stock, par value $.01 per share	59,761,493

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

FORM 10-Q

INDEX

PART I. FINANCIAL INFORMATION

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

ASSETS

	December 31, 1997	June 30, 1998 (Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,338	$ 7,844
Short-term investments	69,633	60,194
Accounts receivable, net of allowance for doubtful accounts of $2,327 and $2,564, respectively	43,664	53,985
Prepaids and other assets	1,220	1,449
Deferred tax asset	2,902	3,048
Total current assets	124,757	126,520
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $21,812 and $29,570, respectively	53,738	60,916
OTHER ASSETS:		
Goodwill (net of amortization of $587 and $1,130, respectively)	7,295	12,207
Long-term accounts receivable	4,274	4,274
Investment in affiliated company accounted for under the equity method	981	1,067
Other assets	1,322	926
Total assets	$192,367	$205,910

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS EXCEPT SHARE AMOUNTS)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1997	June 30, 1998 (Unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt	5,910	8,162
Bank overdraft	1,094	-
Accounts payable	8,086	9,418
Accrued employee compensation	12,244	11,420
Accrued income taxes	2,507	971
Other accrued expenses	11,694	14,467
Customer advances, deposits and deferred income	1,472	1,096
Total current liabilities	43,007	45,534
DEFERRED TAX LIABILITIES	1,217	1,214
LONG-TERM DEBT, net of current portion:		
Capital lease obligations	9,432	6,136
Other debt	459	1,986
Total liabilities	54,115	54,870
STOCKHOLDERS' EQUITY:		
Preferred stock, 10,000,000 shares authorized, zero shares issued and outstanding	-	-
Series A preferred stock, one share authorized, zero and one share issued and outstanding in 1997 and 1998, respectively	-	-
Common stock, $.01 par value, 150,000,000 shares authorized, 59,262,397 and 59,757,969 shares issued, 59,163,587 and 59,757,969 shares outstanding	592	597
Additional paid-in capital	104,016	107,569
Accumulated other comprehensive income	(922)	(1,489)
Unearned compensation-restricted stock	(127)	(63)
Treasury stock, 98,810 shares, at cost	(988)	-
Retained earnings	35,681	44,426
Total stockholders' equity	138,252	151,040
Total liabilities and stockholders' equity	$192,367	$205,910

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)
(Unaudited)

	Three Months Ended June 30, 1997	Three Months Ended June 30, 1998
REVENUES	$67,648	$88,099
OPERATING EXPENSES:		
Costs of services	42,357	57,295
Selling, general and administrative expenses	15,047	23,158
Total operating expenses	57,404	80,453
INCOME FROM OPERATIONS	10,244	7,646
OTHER INCOME (EXPENSE):		
Interest expense	(322)	(231)
Investment income	835	830
Equity in income of affiliated company	50	72
Business combination expenses	-	(881)
Other	35	(57)
	598	(267)
Income before income taxes	10,842	7,379
PROVISION FOR INCOME TAXES	4,345	2,915
Net income	$ 6,497	$ 4,464
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	57,919	59,696
Diluted	61,882	62,373
NET INCOME PER COMMON SHARE:		
Basic	$.11	$.07
Diluted	$.10	$.07

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)
(Unaudited)

	Six Months Ended June 30, 1997	Six Months Ended June 30, 1998
REVENUES	$128,906	$168,343
OPERATING EXPENSES:		
Costs of services	81,244	109,151
Selling, general and administrative expenses	28,854	44,420
Total operating expenses	110,098	153,571
INCOME FROM OPERATIONS	18,808	14,772
OTHER INCOME (EXPENSE):		
Interest expense	(777)	(533)
Investment income	1,709	1,720
Equity in income of affiliated company	103	86
Business combination expenses	-	(881)
Other	13	(152)
	1,048	240
Income before income taxes	19,856	15,012
PROVISION FOR INCOME TAXES	8,007	5,996
Net income	$ 11,849	$ 9,016
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	57,919	59,696
Diluted	61,882	62,373
NET INCOME PER COMMON SHARE:		
Basic	$.20	$.15
Diluted	$.19	$.14

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND 1998
(DOLLARS IN THOUSANDS)
(Unaudited)

	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 11,849	$ 9,016
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	4,675	8,868
Allowance for doubtful accounts	304	237
Equity in income of affiliated company	(103)	(86)
Deferred taxes on income	(571)	(149)
Deferred compensation expense	64	64
Changes in assets and liabilities-		
Accounts receivable	(10,994)	(10,558)
Prepaids and other assets	56	166
Accounts payable and accrued liabilities	2,562	1,803
Customer advances and deferred income	89	(364)
Net cash provided by operating activities	7,931	8,997
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$(16,636)	$(14,935)
Purchase of TMI	(2,337)	-
Acquisition of Intellisystems, Inc	-	(2,000)
Return of deposit on new Call Center	3,000	-
Changes in accounts payable and accrued liabilities relating to investing activities	912	(762)
Decrease in short-term investments	4,621	9,439
Net cash used in investing activities	(10,440)	(8,258)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term borrowings	$ -	$ 1,715
Net increase in bank overdraft	11	-
Payments on long-term debt and capital leases	(2,507)	(2,326)
Exercise of stock options including tax benefit	4,458	1,565
Net cash provided by financing activities	1,962	954
Effect of exchange rate changes on cash	(281)	(1,187)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(828)	506
CASH AND CASH EQUIVALENTS, beginning of period	5,569	7,338
CASH AND CASH EQUIVALENTS, end of period	$ 4,741	$ 7,844

The accompanying notes are an integral part of these statements.

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 June 30, 1998 and 1997 and for the periods then ended. Operating results for the three month and six month periods ended June 30, 1998 are not necessarily indicative of the results that may be expected for the year ended December 31, 1998.

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, 1997.

NOTE (2)--EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued SFAS 128, "Earnings Per Share". Under SFAS 128 primary earnings per share previously required under Accounting Principles Board No. 15 is replaced with basic earnings per share. Basic earnings per share is computed by dividing reported earnings available to common stockholders by weighted average shares outstanding. No dilution for any potentially dilutive securities is included. Fully diluted earnings per share as defined under Accounting Principles Board No. 15 is called diluted earnings per share under SFAS 128. Diluted earnings per share reflects the potential dilution assuming the issuance of common shares for all dilutive potential common shares outstanding during the period.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" effective for fiscal years beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 may not be applied retroactively, and must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after December 31, 1997 (and, at the company's election, before January 1, 1998). Management believes that the impact of SFAS No. 133 will not significantly affect its financial reporting.

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities". This statement is effective for financial statements for fiscal years beginning after December 15, 1998. In general, SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. Initial application of SOP 98-5 should be reported as the cumulative effect of a change in accounting principle. Management believes that SOP 98-5 will not have a material impact on the financial statements.

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

	Six Months Ended June 30,	
	1997	1998
Cash paid for interest	$ 777	$ 533
Cash paid for income taxes	$9,360	$ 5,218
Noncash investing and financing activities:		
Stock issued in purchase of Intellisystems	$ -	$3,389

NOTE (4)--ACQUISITIONS

On February 17, 1998, the Company acquired the assets of Intellisystems,-R- Inc. ("Intellisystems") for $2.0 million in cash and 344,487 shares of common stock including 98,810 shares of treasury stock. Intellisystems is a leading developer of patented automated product support systems. Intellisystems' products can electronically resolve a significant percentage of calls coming into customer support centers through telephone, Internet or fax-on-demand. The acquisition has been accounted for as a purchase.

On June 8, 1998 and June 17, 1998, the Company consummated business combinations with Digital Creators, Inc. ("Digital"), which included the issuance of 1,069,000 shares of Company common stock and Electronic Direct Marketing, Ltd. ("EDM") which included the obligation to issue 1,783,444 shares of Company common stock, respectively. These business combinations were accounted for as poolings of interests, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of Digital and EDM for all periods presented.

The consolidated balance sheet of the Company as of December 31, 1997 includes the balance sheet of EDM for the fiscal year ended February 28, 1998. Accordingly, the Company's retained earnings has been adjusted during the quarter ended March 31, 1998 for the effect of utilizing different fiscal year ends for this period. During 1998, the fiscal year end of EDM has been changed from February to December to conform to the Company's year end.

The consolidated financial statements have been prepared to give retroactive effect to the business combinations with Digital and EDM in June 1998.

The table below sets forth the results of operations of the previously separate enterprises for the period prior to the consummation of the combinations during the three and six months ended June 30, 1998 and 1997 (in thousands):

THREE MONTHS ENDED JUNE 30,:	THI	DIGITAL	EDM	ADJUSTMENTS	COMBINED
1998:					
Revenues	$62,480	$822	$4,354	$(531)	$67,125
Net income	2,818	46	346	-	3,210
1997:					
Revenues	$65,134	$705	$2,215	$(406)	$67,648
Net income	6,196	179	122	-	6,497

SIX MONTHS ENDED JUNE 30,:	THI	DIGITAL	EDM	ADJUSTMENTS	COMBINED
1998:					
Revenues	$136,244	$2,038	$10,258	$(1,171)	$147,369
Net income	6,972	136	654	-	7,762
1997:					
Revenues	$124,332	$ 889	$ 4,091	$ (406)	$128,906
Net income	11,489	187	173	-	11,849

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 and six months ended June 30, 1997 and 1998 was as follows (in thousands):

	Three Months Ended June 30,	
	1997	1998
Net income for the period	$6,497	$4,464
Change in cumulative translation adjustment	(158)	(747)
Comprehensive income	$6,339	$3,717

	Six Months Ended June 30,	
	1997	1998
Net income for the period	$11,849	$9,016
Change in cumulative translation adjustment	(230)	(567)
Comprehensive income	$11,619	$8,449

NOTE 6 - PROPOSED SALE OF JOINT VENTURE

In June 1998 the Company reached an agreement in principle with Priplan Investments, Ltd. ("Priplan") to sell the Company's 50% interest in Access 24 (UK) Limited ("Access 24 UK") for cash consideration of approximately $1.0 million. This transaction is subject to the execution of a definitive agreement and is expected to close in August 1998. During the second quarter of 1998 the Company charged the Parent of Priplan $1.3 million related to call center consulting and design services.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

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, 1997. 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. The Company's planned staffing levels, investments and other operating expenditures are also based on revenue forecasts. If revenues are below expectations in any given quarter as a result of such delay or for other reasons, the Company's operating results would likely be adversely affected for that quarter.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 1998 COMPARED TO THREE MONTHS ENDED JUNE 30, 1997

Revenues increased $20.5 million or 30.2% to $88.1 million for the three months ended June 30, 1998 from $67.6 million for the three months ended June 30, 1997. The increase resulted from $17.3 million in revenues from new clients, $17.1 million in increased revenue from existing clients and $3.5 million from increases in the operations of EDM. These increases were offset in part by contract expirations and other client reductions of which $12.3 million related to two significant clients in the telecommunications and transportation industries. Revenues for the three months ended June 30, 1998 include approximately $22.3 million from facilities management contracts as compared with $19.8 million for the three months ended June 30, 1997.

Costs of services increased $14.9 million, or 35.3%, to $57.3 million for the three months ended June 30, 1998 from $42.4 million for the three months ended June 30, 1997. Costs of services as a percentage of revenues increased from 62.6% for the three months ended June 30, 1997 to 65.0% for the three months ended June 30, 1998. This increase in the costs of services as a percentage of revenues is primarily a result of lower second quarter volumes in a significant facilities management client program as compared with the previous year.

Selling, general and administrative expenses increased $8.1 million, or 53.9% to $23.2 million for the three months ended June 30, 1998 from $15.0 million for the three months ended June 30, 1997. Selling, general and administrative expenses as a percentage of revenues increased from 22.2% for the three months ended June 30, 1997 to 26.3% for the three months ended June 30, 1998 primarily as a result of greater number of selling, general, and administrative personnel along with higher depreciation expense resulting from the completion of new call centers in the fourth quarter of 1997 which were not fully utilized in the first half of 1998 and the impact of lower volumes in a significant client in the telecommunications industry.

As a result of the foregoing factors, income from operations decreased $2.6 million or 25.4%, to $7.6 million for the three months ended June 30, 1998 from $10.2 million for the three months ended June 30, 1997. Operating income as a percentage of revenues decreased from 15.1% for the three months ended June 30, 1997 to 8.7% for the three months ended June 30, 1998. This decline resulted from reduced capacity utilization and lower volumes associated with two significant clients in the telecommunications and transportation industries. Although management anticipates that operating income as a percentage of revenues will increase as capacity utilization and volumes increase, the timing of any such increase is uncertain.

Other income totaled $614,000 for the three months ended June 30, 1998 compared with $598,000 during the three months ended June 30, 1997. During the three months ended June 30, 1998, the Company also incurred $881,000 of one time charges relating to business combination expenses for EDM Electronic Direct Marketing, Ltd. and Digital Creators, Inc.

As a result of the foregoing factors, net income decreased $2.0 million or 31.3%, to $4.5 million for the three months ended June 30, 1998 from $6.5 million for the three months ended June 30, 1997.

SIX MONTHS ENDED JUNE 30, 1998 COMPARED TO SIX MONTHS ENDED JUNE 30, 1997

Revenues increased $39.4 million or 30.6% to $168.3 million for the six months ended June 30, 1998 from $128.9 million for the six months ended June 30, 1997. The increase resulted from $25.1 million in revenues from new clients, $48.0 million in increased revenue from existing clients and $7.5 million increases in the operations of EDM. These increases were offset in part by contract expirations and other client reductions of which $25.9 million related to two significant clients in the telecommunications and transportation industries. Revenues for the six months ended June 30, 1998 include approximately $39.6 million from facilities management contracts as compared with $40.6 million for the six months ended June 30, 1997.

Costs of services increased $27.9 million, or 34.4%, to $109.2 million for the six months ended June 30, 1998 from $81.2 million for the six months ended June 30, 1997. Costs of services as a percentage of revenues increased from 63.0% for the six months ended June 30, 1997 to 64.8% for the six months ended June 30, 1998. This increase in the costs of services as a percentage of revenues is primarily a result of lower first half volumes in a significant facilities management client program as compared with the previous year.

Selling, general and administrative expenses increased $15.6 million, or 54.0% to $44.4 million for the six months ended June 30, 1998 from $28.9 million for the six months ended June 30, 1997. Selling, general and administrative expenses as a percentage of revenues increased from 22.4% for the six months ended June 30, 1997 to 26.4% for the six months ended June 30, 1998 primarily as a result of greater number of selling, general, and administrative personnel along with higher depreciation expense resulting from the completion of new call centers in the fourth quarter of 1997 which were not fully utilized in the first half of 1998 and the impact of lower volumes in a significant client in the telecommunications industry.

As a result of the foregoing factors, income from operations decreased $4.0 million or 21.5%, to $14.8 million for the six months ended June 30, 1998 from $18.8 million for the six months ended June 30, 1997. Operating income as a percentage of revenues decreased from 14.6% for the six months ended June 30, 1997 to 8.8% for the six months ended June 30, 1998. This decline resulted from reduced capacity utilization and lower volumes associated with two significant clients in the telecommunications and transportation industries. Although management anticipates that operating income as a percentage of revenues will increase as capacity utilization and volumes increase, the timing of any such increase is uncertain.

Other income totaled $1,121,000 for the six months ended June 30, 1998 compared with $1,048,000 during the six months ended June 30, 1997. During the six months ended June 30, 1998, the Company also incurred $881,000 of one time charges relating to business combination expenses for EDM Electronic Direct Marketing, Ltd. and Digital Creators, Inc.

As a result of the foregoing factors, net income decreased $2.8 million or 23.9%, to $9.0 million for the six months ended June 30, 1998 from $11.8 million for the six months ended June 30, 1997.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1998 the Company had cash and cash equivalents of $7.8 million and short-term investments of $60.2 million. Cash provided by operating activities was $9.0 million for the six months ended June 30, 1998.

Cash used in investing activities was $8.3 million for the six months ended June 30, 1998 resulting primarily from $14.9 million in capital expenditures and $2.0 toward the purchase of Intellisystems (see Note 4 accompanying the condensed financial statements), offset in part by a decrease of $9.4 million in short term investments.

Cash provided by financing activities was $1.0 million resulting from the increase in short-term borrowings of $1.7 million and the exercise of stock options of $1.6 million offset in part by pay downs of capital leases from the Company's Canadian Subsidiary.

The Company is currently renegotiating its revolving line of credit which expired on May 31, 1998 and expects to complete a new line of credit in the third quarter of 1998.

The Company currently expects total capital expenditures in 1998 to be approximately $40 to $50 million of which $14.9 million was expended in the first six months. The Company believes that existing cash on hand together with cash from operations will be sufficient to finance the Company's operations, planned capital expenditures and anticipated growth through 1998.

POTENTIAL YEAR 2000 PROBLEMS

The Company has undertaken an assessment and compliance program (the "Program") to ascertain the existence and extent of, and to remediate as necessary, any Year 2000 problems that may reside in the computer systems of the Company and its interfaces with its clients. The Program utilizes an outside consulting firm, which specializes in Year 2000 compliance and remediation, which will work with full-time employees of the Company whose time is dedicated to the Program. The Company expects to complete the assessment phase of the Program early in the fourth quarter of 1998. As assessments are completed, the Company will commence immediate remediation, as necessary. The Company believes, based upon the progress of the Program so far, that costs of the assessment phase will not exceed $1,000,000. The Company has not yet incurred any significant costs for this assessment. When the assessment is completed, the Company should be able to estimate the total cost of the Program.

The Company is currently unable to assess, and may be unable to accurately determine, the magnitude of any Year 2000 problems that may reside in the computer and information systems of its clients, or the impact that any such problems could have on the services provided by the Company to such clients. As part of the Program, the Company will contact its clients regarding the nature and scope of any such problems and seek to work with the clients to resolve them. The success of the Company's efforts will depend, in significant part, upon factors outside the control of the Company, such as the level of client cooperation and the status of the clients' own Year 2000 compliance programs. Thus, there can be no assurance that all such problems will be resolved. The occurrence of Year 2000 related failures in the computer and information systems of any of the Company's significant clients could have a materially adverse effect on the business, results of operations, and financial condition of the Company. The Company has not yet prepared a contingency plan to handle a most reasonably likely worst case scenario as the Program has not progressed sufficiently to identify the potential Year 2000 issues.

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 1998; (ii) the Company's belief that existing cash and short-term investments will be sufficient to finance the Company's near term operations; (iii) management anticipation that operating income as a percentage of revenue will increase as capacity utilization and volumes increase; (iv) the Company's estimate of the impact of the year 2000 issues; and (v) 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in the Company's 1997 Annual Report on Form 10-K, in November 1996, the Company received notice that CompuServe Incorporated ("CompuServe") was withdrawing its WOW! Internet service from the marketplace and that effective January 31, 1997, it would terminate all the programs provided to CompuServe by the Company. Pursuant to the terms of its agreement with the Company, CompuServe was entitled to terminate the agreement for reasonable business purposes upon 120 days advance notice and by payment of a termination fee calculated in accordance with the agreement. In December 1996, the Company filed suit against CompuServe 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. These accounts receivable total $4.3 million.

In mid 1997, CompuServe announced it had agreed to sell its worldwide on-line services business to America Online, Inc. and its network services business to a wholly-owned subsidiary of WorldCom, Inc. The Company and CompuServe agreed to stay their litigation pending the sale, which was completed in January 1998. The litigation has now recommenced. Although the Company believes that this litigation will not have a material adverse effect on the Company's financial condition or results of operations, the ultimate outcome is uncertain. Because it is uncertain whether this litigation will be concluded within one year, the Company has reclassified the $4.3 million receivable as a long-term asset in the accompanying balance sheet.

Item 2. Changes in Securities and Use of Proceeds

The registration statement for the Company's initial public offering was effective July 30, 1996. The net proceeds to the Company from the initial public offering were $52,565,000. The following is the amount of net offering proceeds used by the Company for each of the purposes listed below. The following use of proceeds does not represent a material change in the use of proceeds described in the initial public offering prospectus.

	DIRECT OR INDIRECT PAYMENTS TO DIRECTORS, OFFICERS, GENERAL PARTNERS OF THE ISSUER OR THEIR ASSOCIATES: TO PERSONS OWNING TEN PERCENT OF MORE OF ANY CLASS OF EQUITY SECURITIES OF THE ISSUER; AND TO AFFILIATES OF THE ISSUER	DIRECT OR INDIRECT PAYMENTS TO OTHERS
Purchase and installation of machinery and equipment		$7,536,000
Acquisition of other businesses		4,337,000
Repayment of indebtedness		9,950,000
Working Capital	$500,000	15,055,000
TEMPORARY INVESTMENT		
Cash Management Account		14,199,000
OTHER PURPOSES		
Acquisition of 98,810 shares of Treasury Stock		988,000

Item 4. Submission of Matters to a Vote of Security Holders.

On May 8, 1998, the Company held its annual meeting of stockholders, at which there were 54,639,262 shares present or represented by proxy, which is approximately 96% of the shares entitled to vote. At the annual meeting, the following matters were approved by more than the requisite number of stockholders:

The following directors of the Company were elected. The number of votes cast for and withheld for each director were as follows:

	Votes Cast	
	For	Withheld
Kenneth D. Tuchman	54,595,763	43,499
Rod Dammeyer	54,595,763	43,499
John T. McLennan	54,595,763	43,499
Morton H. Meyerson	54,595,763	43,499
Alan Silverman	54,595,763	43,499

The engagement of Arthur Andersen LLP as the Company's independent auditors for fiscal 1998 was ratified by the affirmative vote of 54,591,691 shares, with 26,765 shares voted against and 20,806 shares abstaining and no broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following document is filed as an exhibit to this report:

3	Certificate of Designations, Preferences and Rights of Series A Preferred Stock
27.1	Financial Data Schedule
27.2	Financial Data Schedule - Restated

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the six months ended June 30, 1998.

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: August 7, 1998	/s/ KENNETH D. TUCHMAN
	Kenneth D. Tuchman Chairman of the Board, President and Chief Executive Officer
Date: August 7, 1998	/s/ STEVEN B. COBURN
	Steven B. Coburn, Chief Financial Officer

CERTIFICATE OF DESIGNATIONS, PREFERENCES
AND RIGHTS OF SERIES A PREFERRED STOCK

OF

TELETECH HOLDINGS, INC.

PURSUANT TO SECTION 151 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

I, Jimmy Holland, as Secretary of TeleTech Holdings, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY THAT:

In accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware and pursuant to ARTICLE FOUR, SECTION B of the Restated Certificate of Incorporation of the Corporation (the "CERTIFICATE OF INCORPORATION"), the Board of Directors of the Corporation is authorized to issue from time to time shares of Preferred Stock, par value $.01 per share, in one or more series; and

In connection with a Combination Agreement (the "COMBINATION AGREEMENT") to be entered into among the Corporation, EDM Electronic Direct Marketing Ltd., a corporation existing under the laws of the Province of Ontario, Canada ("EDM") and the shareholders of EDM, the Board of Directors of the Corporation has approved and adopted the following resolutions creating a series of one (1) share of Preferred Stock, par value $.01 per share, designated as Series A Preferred Stock:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of the Corporation in accordance with the provisions of its Certificate of Incorporation, a series of Preferred Stock of the Corporation, par value $.01 per share, be, and it is hereby, created and classified, and the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series and the qualifications, limitations or restrictions thereof are as follows:

SECTION 1. DESIGNATION. The distinctive serial designation of this series shall be "Series A Preferred Stock" (hereinafter called "SERIES A PREFERRED STOCK").

SECTION 2. NUMBER OF SHARES. The number of shares of authorized Series A Preferred Stock shall be one (1). The share shall be issued in the name of, and shall at all times be held by, a trustee (including any successors thereto, the "TRUSTEE") to be appointed under a Voting Trust Agreement (the "VOTING TRUST AGREEMENT") to be entered into among the Corporation, EDM and said Trustee pursuant to the Combination Agreement. At such time as the share of Series A

Preferred Stock has no votes attached to it because there are no Exchangeable Shares (as hereinafter defined) outstanding which are not owned by the Corporation or any of its subsidiaries or affiliates, and there are no shares of stock, debt, options or other agreements of EDM which could give rise to the issuance of Exchangeable Shares to any person, the share of Series A Preferred Stock shall be cancelled.

SECTION 3. PRIORITY. Except as otherwise specified herein, the Series A Preferred Stock shall rank PARI PASSU with the Common Stock.

SECTION 4. NO DIVIDENDS. The holder of record of the share of Series A Preferred Stock shall not be entitled to receive any dividends, whether payable in cash or shares of capital stock, from the Corporation.

SECTION 5. RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holder of the share of Series A Preferred Stock shall not be entitled to receive any distributions or payments, including, without limitation, any liquidation amounts, dividends, or preferential or other payments or distributions

SECTION 6. VOTING RIGHTS. The holder of record of the share of Series A Preferred Stock shall have the following voting rights:

a. VOTING RIGHTS WITH COMMON STOCK. The share of Series A Preferred Stock shall vote together with the Common Stock as a single class and, except as set forth herein, such voting rights shall be identical in all respects.

b. NUMBER OF VOTES. The holder of record of the share of Series A Preferred Stock shall be entitled to such number of votes equal to the number of shares of Common Stock into which the outstanding shares of non-voting Class A Special Shares of EDM (the "EXCHANGEABLE SHARES") may be exchanged, excluding Exchangeable Shares owned by the Corporation or any of its subsidiaries or affiliates.

c. METHOD OF VOTING. The holder of the share of Series A Preferred Stock shall be entitled to exercise the voting rights attendant thereto in such manner as prescribed in the Voting Trust Agreement.

SECTION 7. NO OTHER RIGHTS. The shares of Series A Preferred Stock shall not have any relative, participating, optional or other special rights and powers other than as set forth herein.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations to be signed by its Secretary as of June 11, 1998.

TELETECH HOLDINGS, INC.

By: /s/ Jimmy Holland

Jimmy Holland
Secretary

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
TELETECH HOLDINGS, INC.'S 1998 SECOND QUARTER FORM 10-Q AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

6-MOS
DEC-31-1998
JUN-30-1998
7,844
60,194
56,549
2,564
0
126,520
90,486
29,570
205,910
45,534
8,122
0
0
597
150,443
205,910
168,343
168,343
109,151
153,571
(773)
0
533
15,012
5,996
9,016
0
0
0
9,016
0.15
0.14

THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM TELETECH HOLDINGS, INC.'S 1997 SECOND QUARTER FORM 10-Q AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

6-MOS
DEC-31-1997
JUN-30-1997
4,741
68,795
42,176
1,766
0
117,119
56,195
15,626
171,270
31,581
9,454
0
0
564
128,954
171,270
128,906
128,906
81,244
110,098
(1,825)
0
777
19,856
8,007
11,849
0
0
0
11,849
0.20
0.19