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FORM 10-Q INDEX

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2003

OR

o **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.)

9197 South Peoria Street
Englewood, Colorado 80112
(Address of principal executive offices)

Registrant's telephone number, including area code: **(303) 397-8100**

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 o

Indicate by check mark if an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No o

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 74,431,302 October 31, 2003
Common Stock, par value $.01 per share	

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

FORM 10-Q

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Item 1.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands except share amounts)

	September 30, 2003	December 31, 2002
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 126,983	$ 144,792
Accounts receivable, net	142,143	137,598
Prepaids and other assets	23,964	18,890
Income taxes receivable	8,440	14,318
Deferred tax asset	4,174	11,633
Total current assets	305,704	327,231
PROPERTY AND EQUIPMENT, net	150,176	123,093
OTHER ASSETS:		
Goodwill, net	29,804	29,987
Contract acquisition costs, net	17,623	20,768
Deferred tax asset	6,973	17,067
Other assets	29,931	22,442
Total assets	$ 540,211	$ 540,588
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 24,283	$ 19,995
Accrued employee compensation and benefits	50,685	54,076
Other accrued expenses	23,518	22,111
Customer advances and deferred income	15,200	25,207
Grant advances	11,919	10,272
Current portion of long-term debt and capital lease obligations	2,522	4,673
Total current liabilities	128,127	136,334
Capital lease obligations	259	524
Line of credit	39,000	—
Senior notes	75,000	75,000
Other debt and liabilities	12,202	8,994
Total liabilities	254,588	220,852
MINORITY INTEREST	10,819	13,577
STOCKHOLDERS' EQUITY:		
Stock purchase warrants	5,100	5,100
Common stock; $.01 par value; 150,000,000 shares authorized; 74,160,804 and	742	740

74,124,416 shares, respectively, issued and outstanding		
Additional paid-in capital	193,923	193,954
Deferred compensation	(719)	(1,184)
Note receivable from stockholder	(136)	(224)
Accumulated other comprehensive loss	(19,879)	(26,855)
Retained earnings	95,773	134,628
Total stockholders' equity	274,804	306,159
Total liabilities and stockholders' equity	$ 540,211	$ 540,588

The accompanying notes are an integral part of these condensed consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002 (Restated See Note 2)
REVENUES	$ 244,926	$ 251,889	$ 730,710	$ 759,605
OPERATING EXPENSES:				
Costs of services	167,817	177,643	517,154	532,082
Selling, general and administrative expenses	51,487	48,967	158,971	145,463
Depreciation and amortization	15,173	14,561	43,036	43,187
Restructuring charges, net	1,325	—	2,478	5,201
Impairment loss	—	—	6,955	—
Total operating expenses	235,802	241,171	728,594	725,933
INCOME FROM OPERATIONS	9,124	10,718	2,116	33,672
OTHER INCOME (EXPENSE):				
Interest, net	(2,598)	(1,296)	(5,892)	(3,561)
Share of losses on equity investment	(436)	—	(436)	(3,562)
Other	869	(55)	(2,755)	260
	(2,165)	(1,351)	(9,083)	(6,863)
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	6,959	9,367	(6,967)	26,809
Provision for income taxes	4,409	3,702	30,865	10,589
INCOME (LOSS) BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	2,550	5,665	(37,832)	16,220
Minority interest	(470)	552	(1,023)	672
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	2,080	6,217	(38,855)	16,892
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (see Note 2)	—	—	—	(11,541)
NET INCOME (LOSS)	$ 2,080	$ 6,217	$ (38,855)	$ 5,351
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	74,169	76,694	74,148	76,928

Diluted	74,673	77,195	74,148	78,329
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE PER SHARE:				
Basic	$ 0.03	$ 0.08	$ (0.52)	$ 0.22
Diluted	$ 0.03	$ 0.08	$ (0.52)	$ 0.22
NET INCOME (LOSS) PER SHARE:				
Basic	$ 0.03	$ 0.08	$ (0.52)	$ 0.07
Diluted	$ 0.03	$ 0.08	$ (0.52)	$ 0.07

The accompanying notes are an integral part of these condensed consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2003	**2002**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (38,855)	$ 5,351
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	—	11,541
Depreciation and amortization	43,036	43,187
Amortization of acquired contract costs	3,146	2,322
Minority interest	1,023	(672)
Bad debt expense	2,893	5,493
Gain on sale of securities	—	(547)
Deferred taxes	23,177	235
Share of losses on equity investment	436	3,562
(Gain) loss on derivatives	(5,449)	142
Tax benefit from stock option exercises	13	393
Impairment loss	6,955	—
Loss on disposal of assets	892	—
Changes in assets and liabilities:		
Accounts receivable	(6,411)	(112)
Prepaids and other assets	(5,596)	(14,576)
Accounts payable and accrued expenses	13,057	(13,175)
Customer advances and deferred income	(8,361)	14,533
Net cash provided by operating activities	29,956	57,677
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(69,635)	(29,504)
Acquisition of a business	(1,868)	—
Proceeds from sale of available-for-sale securities	—	1,633
Payment to minority shareholder	(2,700)	—
Capitalized software costs	(3,801)	(4,193)
Investment in joint venture	(1,538)	—
Net decrease in short-term investments	23	2,592
Other	—	850
Net cash used in investing activities	(79,519)	(28,622)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	39,000	—
Payments on long-term debt and capital lease obligations	(3,385)	(8,012)
Proceeds from exercise of stock options	359	4,133
Proceeds from employee stock purchase plan	765	1,056
Purchase of treasury stock	(1,166)	(17,741)
Net cash provided by (used in) financing activities	35,573	(20,564)

Effect of exchange rate changes on cash	(3,819)	(818)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,809)	7,673
CASH AND CASH EQUIVALENTS, beginning of period	144,792	95,430
CASH AND CASH EQUIVALENTS, end of period	$ 126,983	$ 103,103

The accompanying notes are an integral part of these condensed consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

(1) OVERVIEW AND BASIS OF PRESENTATION

Overview

TeleTech Holdings, Inc. ("TeleTech" or the "Company") is a global provider of customer management services for multi-national companies in the United States, Argentina, Australia, Brazil, Canada, China, India, Korea, Malaysia, Mexico, New Zealand, the Philippines, Singapore, Spain and the United Kingdom. Customer management encompasses a wide range of customer acquisition, retention and satisfaction programs designed to maximize the value of the relationship between the Company's clients and their customers.

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 entries) which, in the opinion of management, are necessary to present fairly the financial position at September 30, 2003, and the results of operations and cash flows of the Company and its subsidiaries for the three and nine months ended September 30, 2003 and 2002. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

The unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Footnotes thereto included in the Company's Report on Form 10-K for the year ended December 31, 2002. Certain 2002 amounts have been reclassified to conform to 2003 presentation.

(2) EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On January 1, 2002, the Company adopted Statement on Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets." SFAS No. 142 provides guidance on the accounting for goodwill and other intangibles, specifically relating to identifying and allocating the purchase price in business combinations to specific identifiable intangible assets. Additionally, SFAS No. 142 provides guidance for the amortization of identifiable intangible assets and states that goodwill shall not be amortized, but rather tested for impairment, at least annually, using a fair value approach. In connection with the adoption of SFAS No. 142 in the first quarter of 2002, the Company recorded a transitional impairment of approximately $11.5 million related to the goodwill of its Latin American reporting unit. The impairment is reflected as the cumulative effect of a change in accounting principle in the accompanying Condensed Consolidated Statements of Operations for the nine months ended September 30, 2002. The Company has restated the nine months ended September 30, 2002 to properly reflect no tax effect on the cumulative effect of change in accounting principle as further discussed in Note 14 to the Company's Financial Statements included in its Report on Form 10-K for the year ended December 31, 2002.

On January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," which establishes accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost. The adoption of this pronouncement did not have a material impact on the Company.

On January 1, 2003, the Company adopted SFAS No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections," which eliminated inconsistency between required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The adoption of this pronouncement did not have a material impact on the Company.

On January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which specifies that a liability for the cost associated with an exit or disposal activity be recognized at the date of an entity's commitment to an exit plan. The adoption of this pronouncement did not have a material impact on the Company.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 also required that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more

prominently and in a tabular format. The Company has implemented all required disclosures of SFAS No. 148. The Company has not transitioned to a fair value method of accounting for stock-based employee compensation.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46"). FIN 46 requires the consolidation of entities in which an enterprise absorbs a majority of an entity's expected losses, receives a majority of an entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in an entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. The Company did not have any material variable interest entities as of September 30, 2003.

In May 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The adoption of this pronouncement did not have a material impact on the Company.

In July 2003, the Company adopted Emerging Issues Task Force No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"), providing further guidance on how to account for multiple element contracts. EITF 00-21 is effective for all arrangements entered into after the second quarter of 2003. The Company has determined that EITF 00-21 will require the deferral of revenue for the initial training that occurs upon commencement of a new contract ("Start-Up Training") if that training is billed separately to a client. Accordingly, the corresponding training costs, consisting primarily of labor and related expenses, will also be deferred. In these circumstances, both the training revenue and costs will be amortized over the life of the client contract. In situations where Start-Up Training is not billed separately, but rather included in the hourly service rates paid by the client over the life of the contract, no deferral is necessary as the revenue is being recognized over the life of the contract. If Start-Up Training revenue is not deferred, the associated training expenses will be expensed as incurred. The adoption of EITF 00-21 did not have a material impact on the Company's operating results for the three months ended September 30, 2003.

In July 2003, the Company adopted SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. The adoption of this pronouncement did not have a material impact on the Company.

(3) SEGMENT INFORMATION

The Company classifies its business activities into three fundamental segments: North American Outsourcing, International Outsourcing, and Database Marketing and Consulting. These segments are consistent with the Company's management of the business and reflect its internal financial reporting structure and operating focus. North American and International Outsourcing provide comprehensive customer management services. North American Outsourcing consists of customer management services provided to United States' and Canadian clients while International Outsourcing consists of all other countries. Database Marketing and Consulting provide outsourced database management, direct marketing and related customer retention services for automobile dealerships and manufacturers. All intercompany transactions between the reported segments for the periods presented have been eliminated.

As discussed further in Management's Discussion and Analysis, it is a significant Company strategy to leverage the lower cost opportunities offered by certain international countries. Accordingly, the Company provides services to certain U.S. clients from customer management centers in Canada, India, Latin America and the Philippines. Under this arrangement, while the U.S. subsidiary bills and collects from the end client, the U.S. subsidiary also enters into a contract with the foreign subsidiary to reimburse the foreign subsidiary for their costs plus a reasonable profit. As a result, a portion of the profits from these client contracts are recorded in the U.S. while a portion are recorded in the foreign location. For U.S. clients being fulfilled from Canadian locations or the Philippines, which represents the majority of these arrangements, the profits all remain within the North American Outsourcing segment. For U.S. clients being fulfilled from other countries, a portion of the profits are reflected in the International Outsourcing segment. For the nine months ended September 30, 2003, approximately $1.2 million of operating income in the International Outsourcing segment was generated from these arrangements. There are also situations where certain foreign subsidiaries will contract with other foreign subsidiaries to fulfill client contracts. In these situations, while the profits are partially recorded in each country, on a segment basis they are all reflected in the International Outsourcing segment. Interest expense is recorded in the segment which holds the debt (North American Outsourcing).

In January 2003, the Company adopted the practice of allocating corporate operating expenses to segments based upon the segments' respective pro rata percentage of consolidated revenues. Prior to January 1, 2003, corporate operating expenses were shown as a separate segment. The information as of December 31, 2002 and for the three and nine months ended September 30, 2002 has been restated to reflect this change.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(in thousands)			
Revenues:				
North American outsourcing	$ 151,740	$ 174,593	$ 467,835	$ 529,033
International outsourcing	64,717	52,270	180,108	161,055
Database marketing and consulting	28,469	25,026	82,767	69,517
Total	$ 244,926	$ 251,889	$ 730,710	$ 759,605
Income (Loss) from Operations:				
North American outsourcing	$ 12,620	$ 10,403	$ 19,718	$ 37,518

International outsourcing	(6,739)	(3,042)	(23,885)	(11,248)
Database marketing and consulting	3,243	3,357	6,283	7,402
Total	$ 9,124	$ 10,718	$ 2,116	$ 33,672
Depreciation and Amortization (included in Operating Income above):				
North American outsourcing	$ 8,415	$ 8,059	$ 24,173	$ 25,571
International outsourcing	4,301	4,248	11,523	11,826
Database marketing and consulting	2,457	2,254	7,340	5,790
Total	$ 15,173	$ 14,561	$ 43,036	$ 43,187

	Balance as of	
	September 30, 2003	December 31, 2002
	(in thousands)	
Assets:		
North American outsourcing	$ 350,519	$ 376,127
International outsourcing	92,815	77,792
Database marketing and consulting	96,877	86,669
Total	$ 540,211	$ 540,588
Goodwill, net:		
North American outsourcing	$ 11,446	$ 11,446
International outsourcing	4,997	5,180
Database marketing and consulting	13,361	13,361
Total	$ 29,804	$ 29,987

The following table includes revenues based on the geographic location in which the services are provided:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(in thousands)			
Revenues:				
United States	$ 136,483	$ 163,893	$ 423,866	$ 493,839
Canada	41,112	33,893	119,665	100,596
Europe	22,293	16,520	66,693	49,919
Asia Pacific	31,833	25,003	83,534	69,049
Latin America	13,205	12,580	36,952	46,202
Total	$ 244,926	$ 251,889	$ 730,710	$ 759,605

(4) COMPREHENSIVE INCOME (LOSS)

The Company's comprehensive income (loss) for the three and nine months ended September 30, 2003 and 2002 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(in thousands)			
Net income (loss) for the period	$ 2,080	$ 6,217	$ (38,855)	$ 5,351
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(5,071)	(2,405)	7,662	(5,802)
Loss on hedging instruments, net of reclassification adjustment and taxes	(2,584)	(2,482)	(686)	(2,000)

Unrealized holding losses on securities arising during the period, net of reclassification adjustment and taxes	—	(490)	—	(941)
Other comprehensive income (loss), net of tax	(7,655)	(5,377)	6,976	(8,743)
Comprehensive income (loss)	$ (5,575)	$ 840	$ (31,879)	$ (3,392)

At September 30, 2003, accumulated comprehensive loss consists of $16.3 million and $3.6 million of foreign currency translation adjustments and derivative valuation, respectively.

(5) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share are computed by dividing the Company's net income (loss) by the weighted average number of common shares outstanding. The impact of any potentially dilutive securities is excluded. Diluted earnings per share are computed by dividing the Company's net income (loss) by the weighted average number of shares and dilutive potential shares outstanding during the period. The following table sets forth the computation of basic and diluted earnings per share for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(in thousands)			
Shares used in basic per share calculation	74,169	76,694	74,148	76,928
Effects of dilutive securities:				
Stock options	254	251	—	1,135
Restricted stock	250	250	—	250
Warrants	—	—	—	16
Shares used in diluted per share calculation	74,673	77,195	74,148	78,329

For the three months ended September 30, 2003, 9.1 million options to purchase shares of common stock were outstanding but were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive. For the nine months ended September 30, 2003, all dilutive securities were excluded from the computation as the impact would have been anti-dilutive given the reported net loss. For the three and nine months ended September 30, 2002, 9.8 million and 13.7 million options, respectively, were excluded from the computation of diluted earnings per share because the impact would have been anti-dilutive.

(6) DEBT

The Company has a revolving line of credit with a syndicate of five banks (the "Revolver"). Under the terms of the Revolver, the Company may borrow up to $85.0 million with the ability to increase the borrowing limit by an additional $50.0 million (subject to bank approval) within three years from the closing date of the Revolver (October 2002). The Revolver matures on December 28, 2006 at which time a balloon payment for the principal amount is due, however, there is no penalty for early prepayment. The Revolver bears interest at a variable rate based on LIBOR. The interest rate will also vary based on the Company leverage ratios (as defined in the agreement). At September 30, 2003 the interest rate was 3.12% while $39.0 million was drawn under the Revolver. The Revolver is guaranteed by all of the Company's domestic subsidiaries and is secured by certain assets of the Company and its domestic subsidiaries as described below. A significant restrictive covenant under the Revolver requires the Company to maintain a minimum fixed charge coverage ratio as defined in the agreement.

The Company also has $75.0 million of Senior Notes, $60.0 million of which bear interest at 8.75% per annum and $15.0 million bear interest at 9.15% per annum. Interest on the Senior Notes is payable semi-annually and principal payments commence in October 2004 with final maturity in October 2011. A significant restrictive covenant under the Senior Notes requires the Company to maintain a minimum fixed charge coverage ratio as defined in the agreement. Additionally, in the event the Senior Notes were to be repaid in full prior to maturity, the Company would have to remit a "make whole" payment to the holders of the Senior Notes as defined in the agreement. As of September 30, 2003, the make whole payment is approximately $10.1 million.

During the second quarter of 2003, the Company was not in compliance with the minimum fixed charge coverage ratio and minimum consolidated net worth covenants under the Revolver and the fixed charge coverage ratio and consolidated adjusted net worth covenants under the Senior Notes. The Company has worked with the lenders to successfully amend both agreements bringing the Company back into compliance. While the Revolver and Senior Notes had subsidiary guarantees, they were not secured by the Company assets. In connection with obtaining the amendments, the Company has securitized the Revolver and Senior Notes with a majority of the Company's domestic assets. Additionally, the interest rates that the Company pays under the Revolver and Senior Notes were increased under the amended agreements. The Company believes that annual interest expense will increase by approximately $2.0 million a year from previous levels under the Revolver and Senior Notes as amended. The Company believes that based on the amended agreements, it will be able to maintain compliance with the financial covenants. However, there is no assurance that the Company will maintain compliance with financial covenants in the future and, in the event of a default, no assurance that the Company will be successful in obtaining future waivers or amendments.

(7) GRANT ADVANCES

From time to time the Company has received grants from local or state governments as an incentive to locate customer management centers in their jurisdictions. The Company's policy is to record grant monies received as deferred income and recognize into income (as a reduction of either depreciation or cost of service expense) over the life of the grant once it has achieved the milestones set forth in the grant. Generally, the Company does not receive funding under the grants until it has met the required milestones.

In 2001, the Company received a grant from Invest Northern Ireland, f/k/a the Industrial Development Board of Northern Ireland (the "IDB Grant"). Pursuant to the IDB Grant, the Company received approximately $11.9 million in advance of achieving the required milestones. The advance was to be earned by achieving certain milestones related to hiring and retaining employees, capital expenditures and purchasing the facility. The Company has not met all of the required milestones necessary to earn the full amount of the grant. In previous periods the Company recognized into earnings approximately $1.3 million of IDB Grant monies as progress was made against the milestones and management had expected to achieve them. Additionally, the Company accrued approximately $0.6 million of anticipated back rent related to the IDB Grant although not specifically provided for under the terms of the IDB Grant.

The Company is currently attempting to renegotiate the terms of the IDB Grant so that the milestones can realistically be achieved. In order to induce the IDB into amending the terms of the IDB Grant, the Company may elect to repay a portion of the advanced funds. As of September 30, 2003, approximately $11.9 million was outstanding under the IDB Grant. During the three months ended September 30, 2003, the Company reversed all amounts previously recognized in its statements of operations related to the IDB Grant. Previous amounts recognized under the IDB Grant are not material to any given reporting period. Additionally, the Company has reclassified the outstanding IDB Grant advance as a separate line item on the face of the Accompanying Condensed Consolidated Balance Sheets.

(8) INCOME TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes," which requires recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. When circumstances warrant, the Company assesses the likelihood that its net deferred tax assets will more likely than not be recovered from future projected taxable income. Management judgment has been used in forecasting future taxable income.

During the second quarter of 2003, the Company updated its analysis of the recoverability of its deferred tax asset due to a change in facts and circumstances. While the Company had reported net losses during 2002 and 2001, management believed they were primarily due to site closures, restructurings and adjusting assets to their net realizable value, and that operating results were profitable without such charges. Further, management expected 2003, and future operations, to return to profitability. During the second quarter of 2003, the Company again incurred a net loss. The net loss was the result of both core operating results along with charges for site closures, restructurings and asset recoverability. These represent a different set of facts and circumstances from year-end and, accordingly, the Company determined that it was appropriate under the current circumstances to record a valuation allowance for its deferred tax asset.

SFAS 109 provides for the weighing of positive and negative evidence in determining whether it is more likely than not that a deferred tax asset is recoverable. The Company also prepared a forecast of future taxable income, including domestic and international operating results and the reversal of existing temporary differences between income recognized under generally accepted accounting principles and income for federal income tax reporting purposes. Relevant accounting guidance suggests that a recent history of cumulative losses constitutes significant negative evidence, and that future expectations about taxable income are overshadowed by such recent losses. Accordingly, the expectations of future taxable income would generally be limited to no more than two or three years for generating sufficient income to recover deferred tax assets. Based on the Company's evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next two to three years, management determined to establish a valuation allowance of $31.9 million.

During the three months ended September 30, 2003, the Company determined that an error occurred in converting the Spanish statutory general ledger to the U.S. GAAP ledger in connection with a general ledger system implementation in Spain which took place during the fourth quarter of 2002. The error impacted the deferred tax asset balance. As a result, Spain's deferred tax asset balance was understated. During the fourth quarter of 2002, the Company determined to establish a valuation allowance for all of Spain's deferred tax assets that arose prior to a certain date. However, because of the error, the Company unintentionally did not record enough valuation allowance during 2002. Primarily as a result of the aforementioned error, the Company recorded approximately $3.0 million of additional tax expense for the three months ended September 30, 2003 in the accompanying Consolidated Statements of Operations to increase its deferred tax valuation allowance. Management does not consider this activity material to any prior period previously reported.

As of September 30, 2003, after recording the valuation allowance, the Company has approximately $2.9 million of unreserved deferred tax assets related to its consolidated U.S. federal income tax return. That balance represents the amount of taxes recoverable from an available operating loss carryback. Management believes that the unreserved deferred tax asset should not exceed the amount of available carryback until facts and circumstances change and support a different position. Accordingly, for those entities that are part of the consolidated U.S. federal income tax return, the tax expense or benefit that would be derived from multiplying their effective tax rate by the book income or loss before taxes will be offset by an equal amount of increase or decrease in the deferred tax valuation allowance. As a result, deferred income tax expense or benefit will be $0 for those entities until such time that the valuation allowance is fully utilized.

The Company has approximately $8.1 million of net deferred tax assets related to certain international countries whose recoverability is dependent upon future profitability.

An analysis of tax expense is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002

	(in thousands)			
Income (loss) before taxes	$ 6,959	$ 9,367	$ (6,967)	$ 26,809
Effective tax rate	38.7%	39.5%	38.9%	39.5%
Tax expense (benefit)	2,695	3,702	(2,710)	10,589
Tax expense for establishing deferred tax valuation allowance	3,049	—	34,910	—
Tax benefit for change in valuation allowance for period activity	(1,335)	—	(1,335)	—
Tax expense, net	$ 4,409	$ 3,702	$ 30,865	$ 10,589

(9) STOCK OPTION ACCOUNTING

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of the company's employee stock options is generally equal to the market price of the underlying stock on the date of the grant, no compensation expense is recognized. SFAS No. 123, "Accounting and Disclosure of Stock-Based Compensation" ("SFAS 123"), establishes an alternative method of expense recognition for stock-based compensation awards to employees based on fair values. The Company elected not to adopt SFAS 123 for expense recognition purposes.

The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation (in thousands except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income (loss) as reported	$ 2,080	$ 6,217	$ (38,855)	$ 5,351
Pro forma net income (loss)	$ (728)	$ 2,805	$ (48,692)	$ (5,249)
Net income (loss) per share:				
Basic—as reported	$ 0.03	$ 0.08	$ (0.52)	$ 0.07
Diluted—as reported	$ 0.03	$ 0.08	$ (0.52)	$ 0.07
Basic—pro forma	$ (0.01)	$ 0.04	$ (0.66)	$ (0.07)
Diluted—pro forma	$ (0.01)	$ 0.04	$ (0.66)	$ (0.07)

(10) DERIVATIVES

The Company follows the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS No. 133 requires every derivative instrument (including certain derivative instruments embedded in other contracts) to be recorded in the balance sheet as either an asset or liability measured at its fair value, with changes in the fair value of qualifying hedges recorded in other comprehensive income. SFAS 133 requires that changes in a 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 the related results of the hedged item and requires that a Company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment. Based on the criteria established by SFAS No. 133, all of the Company's hedges consisting of an interest rate swap, foreign currency options and forward exchange contracts are deemed effective. While the Company expects that its derivative instruments will continue to meet the conditions for hedge accounting, if the hedges did not qualify as highly effective or if the Company did not believe that forecasted transactions would occur, the changes in the fair value of the derivatives used as hedges would be reflected in earnings. The Company does not believe it is exposed to more than a nominal amount of credit risk in its hedging activities, as the counterparties are established, well-capitalized financial institutions.

At September 30, 2003, the Company has an interest rate swap designated as a cash flow hedge. The Company had a synthetic lease for its headquarters building for which the required lease payments were variable based on LIBOR. In February 2003, the synthetic lease was terminated when the Company purchased the corporate headquarters building for the contractual price in the synthetic lease of $38.2 million using proceeds from the revolving line of credit ("Revolver"). The repayment terms under the Revolver are identical to that of the synthetic lease. On December 12, 2000, the Company entered into an interest rate swap in which the Company receives LIBOR and pays fixed rate interest of 6.20%. The swap agreement has a notional amount of approximately $38.2 million and has a six-year term. The purchase of the corporate headquarters building did not cause a termination of the designation of the interest rate swap as a hedge because at inception the Company designated the swap as a hedge of the floating LIBOR which it continues to pay under the Revolver. As of September 30, 2003, the Company has a derivative liability associated with this swap of approximately $4.7 million, which is reflected in other liabilities in the accompanying condensed consolidated balance sheets. In the event that the Company wanted to terminate the swap, the above mentioned liability would have to be settled with cash and a charge to operations recorded. Likewise, if the Company repaid the associated Revolver balance, the hedge would no longer be effective and a corresponding charge to operations would be recorded.

The Company's Canadian subsidiary's functional currency is the Canadian dollar which is used to pay labor and other operating costs in Canada. However, the subsidiary has customer contracts where it is paid in U.S. dollars and the Company has contracted with several commercial banks at no material cost, to acquire, under forward exchange contracts and options, a total of $107.1 million Canadian dollars through July 2005 at a fixed price in U.S. dollars of $71.2 million to hedge its foreign currency risk. During the nine months ended September 30, 2003 and 2002, the Company recorded a $5.4 million gain and a $0.1 million loss, respectively, for settled forward contracts in its Condensed Consolidated Statements of Operations relating to Canadian dollar forward

contracts. As of September 30, 2003, the Company has derivative assets of $8.0 million associated with foreign exchange contracts consisting of the fair market value of forward exchange contracts and options outstanding.

During 2003, the Company determined to settle the intercompany receivable and payable balances that result from these arrangements periodically and, accordingly, the transaction gains and losses from fluctuations in exchange rates are included in determining net income (loss). For the nine months ended September 30, 2003, the Company recorded transaction losses of $1.8 million in Other Income (Expense) related to the intercompany receivables/payable balances generated from labor arbitrage activities. During the third quarter of 2003, management began to settle these intercompany balances monthly and, accordingly, expects to mitigate the exposure caused by future changes in foreign exchange rates.

During 2003, the Company determined to record the gains/losses from settled Canadian dollar hedges in Costs of Services in order to better match the hedging transactions with the labor costs being hedged. Such amounts were previously recorded in Other Income (Expense). Operating results for 2002 have not been reclassified as the amounts were immaterial.

(11) RESTRUCTURING CHARGES

During the three months ended September 30, 2003, the North American Outsourcing segment recorded restructuring charges of approximately $0.5 million related to the closure of its Kansas City, Kansas facility being used to serve the United States Postal Service ("USPS"). These charges consisted primarily of the recording of the remaining lease liability along with severance payments. Further, during the three months ended September 30, 2003, the Company's North American Outsourcing, International Outsourcing and Database Marketing and Consulting segments recorded $0.8 million, $0.7 million and $0.1 million, respectively, for severance and other termination benefits related to a reduction in force of approximately 130 administrative employees. Partially offsetting the above mentioned restructuring charges during the three months ended September 30, 2003 was the reversal of approximately $0.8 million of excess accruals related to 2002 restructurings. For the nine months ended September 30, 2003, in addition to the aforementioned activities and charges, the Company's North American Outsourcing segment recorded a charge of $0.9 million related to the closure of its Kansas City facility, as well as $0.4 million of severance and termination benefits for 591 employees at a managed center that was shutdown in March 2003. The International Outsourcing segment recorded restructuring charges of approximately $1.0 million for severance and other termination benefits related to a reduction in force of approximately 120 administrative employees in Mexico. The Company also reversed approximately $1.1 million of excess accruals related to 2002 restructurings. The reversal of excess accruals has been offset against the restructuring expense in the accompanying Condensed Consolidated Statements of Operations.

During the nine months ended September 30, 2002, the Company recorded restructuring charges associated with the termination of approximately 400 administrative employees throughout the world, the impairment of a property lease in the U.S. and the closure of customer management centers ("CMCs") in Spain totaling approximately $5.2 million.

A rollforward of the activity in the above-mentioned restructuring accruals is as follows:

	Closure of CMCs	Reduction in Force	Total
		(in thousands)	
Balances, December 31, 2001	$ 3,529	$ 2,632	$ 6,161
Expense	1,213	8,243	9,456
Writedown of assets	(1,201)	—	(1,201)
Payments	(1,360)	(4,147)	(5,507)
Balances, December 31, 2002	2,181	6,728	8,909
Expense	1,777	2,653	4,430
Payments	(1,666)	(6,744)	(8,410)
Reversal of unused balances	(798)	(1,154)	(1,952)
Balances, September 30, 2003	$ 1,494	$ 1,483	$ 2,977

The restructuring accrual is included in Other Accrued Expenses in the accompanying Condensed Consolidated Balance Sheets.

(12) ASSET IMPAIRMENTS

During the year, the Company evaluates the carrying value of its individual customer management centers in accordance with SFAS No. 144 to assess whether future operating results are sufficient to recover the carrying costs of these long-lived assets. When the operating results of a center have reasonably progressed to a point making it likely that the site will continue to sustain losses in the future, or there is a current expectation that a customer management center will be closed or otherwise disposed of before the end of its previously estimated useful life, the Company selects the center for further review.

For customer management centers selected for further review, the Company estimates the future estimated cash flows from operating the center over its useful life. Significant judgment is involved in projecting future capacity utilization, pricing, labor costs and the estimated useful life. Additionally, the Company does not test customer management centers that have been operated for less than two years or those centers that have been impaired within the past two years. The Company believes a sufficient time to establish market presence and build a customer base is required for new centers in order to determine recoverability. For recently impaired centers, the Company writes the assets down to estimated fair market value.

During the second quarter of 2003, the Company determined that two of its customer management centers would not generate sufficient undiscounted cash flows to recover the net book value of its assets. During the second quarter of 2003, management determined to close the Kansas City center upon expiration of the work being performed for the USPS. Accordingly, the projection for that location indicated that an impairment existed. Additionally, the Company determined that an impairment existed for its Mexico City location. As a result, the Company's North American and International Outsourcing segments recorded charges of approximately $4.0 million and $3.0 million, respectively to reduce the net book value of their long-lived assets to estimated fair market value.

(13) EQUITY INVESTMENT

The Company had a preferred stock investment in enhansiv holdings, inc. ("EHI"), a company developing a centralized, open architecture, customer management solution. The Company's Chairman and CEO, Kenneth D. Tuchman, along with four outside investors, owned 100% of the common stock of EHI. During the second quarter of 2002, Mr. Tuchman transferred his 55% common stock interest to the Company for no consideration and during the fourth quarter of 2002, the Company purchased the remaining common shares from the outside shareholders for $2.3 million which was recorded as a loss based on a third party appraisal.

As a preferred stockholder, the Company accounted for its investment in EHI under the equity method of accounting. For the nine months ended September 30, 2002, the Company recorded $3.6 million of EHI losses, which are reflected as a separate line item in Other Income (Expense) in the accompanying Condensed Consolidated Statements of Operations. The Company began consolidating the results of EHI upon receiving Mr. Tuchman's common shares on May 31, 2002.

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(14) CONTINGENCIES

Legal Proceedings. 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, financial condition or cash flows.

Sales and Use Taxes. The Company has received inquiries from several states regarding the applicability of sales or use taxes on its services primarily those provided by its Database Marketing and Consulting segment. The Company is working with the inquiring states to determine what liability exists, if any, in each respective state. In addition to the inquiring states, the Company has initiated a self-assessment to determine whether sales or use taxes are applicable in each state in which its Database, Marketing and Consulting segment does business. Sales and use tax laws are complex and vary by state. The Company has determined that sales or use tax applies in certain states to its products and services of its Database Marketing and Consulting segment. While management cannot quantify the ultimate liability that will be owed, it has recorded approximately $3.3 million of use tax expense for what it believes to be the minimum liability that will be owed, net of receipts from customers. As the Company progresses in its assessment and dealings with the various states, it will update this estimated liability and record charges to operations, if any, when such amounts become both probable and reasonably estimable. At this time, the Company does not expect the outcome to have a material adverse effect on the Company's financial condition or cash flows. However, the outcome may have a material adverse effect on the Company's results of operations in the period such future charges, if any, are recorded. In regards to the North American Outsourcing segment, the Company has not determined whether sales or use tax applies to its services. If the Company determined sales tax did apply, the Company's contracts generally provide for such taxes to be passed on to the client. However, no assurance can be given that the Company would be successful in passing on past or future taxes to its clients.

Guarantees. The Company's Revolver is guaranteed by all of the Company's domestic subsidiaries. The Senior Notes are guaranteed by all of the Company's subsidiaries. A subsidiary operating lease agreement with $2.7 million remaining to be paid to a bank as of September 30, 2003 is guaranteed by another subsidiary.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements that involve risks and uncertainties. The Company has set forth in its Form 10-K for the year ended December 31, 2002 a detailed discussion of risks and uncertainties relating to the Company's business. The projections and statements contained in these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company's future results of operations and performance are subject to numerous factors including: economic or political changes affecting the countries in which the Company operates; greater than anticipated competition in the customer care market, causing increased price competition or loss of clients; the reliance on a few major clients; the risks associated with losing one or more significant client relationships; the renewal of client or vendor relationships on favorable terms; the risks associated with the Verizon program (see Client Concentrations); the ability to transition work from higher cost centers to lower cost markets; the Company's ability to develop and successfully manage new technology or Database Marketing and Consulting sales; the Company's ability to collect monies owed from clients per contract terms and conditions in a timely manner; higher than anticipated start-up costs associated with new business opportunities and ventures; the Company's ability to find cost effective locations, obtain favorable lease terms and build or retrofit facilities in a timely and economic manner; lower than anticipated customer management center capacity utilization; consumers' concerns or adverse publicity regarding the products of the Company's clients; the Company's ability to close new business in 2003 and fill excess capacity; execution risks associated with achieving the targeted $40.0 million in annualized cost savings; the possibility of additional asset impairments and restructuring charges; the ultimate liability associated with the amount of past sales or use tax obligations for its Database Marketing and Consulting and North American Outsourcing segments; changes in workers' compensation and general liability premiums; increases in health care costs; risks associated with changes in foreign currency exchange rates; changes in accounting policies and practices pronounced by standard setting bodies; and, new legislation or government regulation that impacts the customer care industry. Readers should review this quarterly report in combination with the Company's Form 10-K for the year ended December 31, 2002 and other documents filed with the SEC, which describe in greater detail these and other important factors that may impact the Company's business, results of operations, financial

condition and cash flows. The Company assumes no obligation to update its forward-looking statements to reflect actual results or changes in factors affecting such forward-looking statements.

Business Strategy

Enhancing the Company's profitability is the primary focus of the management team for the remainder of 2003 and beyond. Management's success will depend on successful execution of a comprehensive business plan, including the following steps:

- selling new business to existing customers and absorbing unused capacity in existing domestic and international CMCs;
- continuing to focus sales efforts on large, complex, multi-center opportunities;
- cutting costs and continued focus on cost controls;
- increasing the profitability of existing client contracts through more efficient operations;

- effectively managing operations in domestic and international CMCs; and
- differentiating the Company's products and services by developing and offering new value added solutions to clients.

Critical Accounting Policies

The Company has identified the policies below as critical to its business and results of operations. For a detailed discussion on the application of these and other accounting policies, see Note 1 to the Consolidated Financial Statements in the Company's Report on Form 10-K for the year ended December 31, 2002. The Company's reported results are impacted by the application of the following accounting policies, certain of which require management to make subjective or complex judgments. These judgments involve making estimates about the effect of matters that are inherently uncertain and may significantly impact quarterly or annual results of operations. Specific risks associated with these critical accounting policies are described in the following paragraphs.

For all of these policies, management cautions that future events rarely develop exactly as expected, and the best estimates routinely require adjustment. The Company believes that its most significant accounting policies require:

- estimation of future cash flows used to assess the recoverability of long-lived assets, goodwill, deferred tax assets, and establishing estimated liabilities for closing customer management centers;
- determination of appropriate allowances associated with accounts receivable; and
- estimation of sales and use taxes net of receivable from clients.

Descriptions of these critical accounting policies follow:

Revenue Recognition. The Company recognizes revenue at the time services are performed based on an hourly, monthly, per call or per employee rate detailed in the client contract. In certain circumstances, the Company receives payment in advance of providing service. Accordingly, amounts billed but not earned under these contracts are excluded from revenue and included in customer advances and deferred income. As previously discussed in the Notes to Unaudited Condensed Consolidated Financial Statements, EITF 00-21 will require the Company to defer certain training revenues and costs.

Foreign Currency Translation. A substantial amount of the Company's operations are conducted outside of the United States. The assets and liabilities of the Company's foreign subsidiaries, whose functional currency is other than the U.S. dollar, are translated at the exchange rates in effect on the reporting date, and income and expenses are translated at the weighted average exchange rate during the period. The net effect of translation gains and losses is not included in determining net income, but is accumulated as a separate component of stockholders' equity. Foreign currency transaction gains and losses are included in determining net income. Intercompany loans are generally treated as permanently invested as settlement is not planned or anticipated in the foreseeable future. If the Company were to revise its plans for the repayment of intercompany loans, the net effect of the related foreign currency translations would be included in the determination of net income. As a result, the Company's earnings could become more volatile as the intercompany loan balance is approximately $48.8 million. Such loans have generally arose from funding operating losses and capital expenditures.

It is a significant Company strategy to leverage low cost opportunities afforded by countries outside the United States. Accordingly, in certain situations the Company provides services primarily to U.S. based customers from customer management centers in other countries. During 2003, the Company determined to settle the intercompany receivable and payable balances that result from these arrangements periodically and, accordingly, the transaction gains and losses from fluctuations in exchange rates are included in determining net income (loss). These intercompany receivables and payables differ from the previously discussed intercompany loans as the intercompany receivables/payables arise from intercompany service contracts and are not funding vehicles. For the nine months ended September 30, 2003, the Company recorded transaction losses of $1.8 million as Other Expense related to the intercompany receivables/payable balances generated from labor arbitrage activities. Management began to settle these intercompany balances monthly and, accordingly, expects to mitigate the exposure caused by changes in foreign exchange rates.

Contract Acquisition Costs. Amounts paid to or on behalf of clients to obtain long-term contracts are capitalized (if incurred within 12 months of commencement of operations) and amortized on a straight-line basis over the terms of the contracts as a reduction to revenue commencing with the date of the first revenues from the contract. In certain circumstances, costs may be estimated at the inception of operations and subsequently revised based on actual costs incurred. The Company's accounting policy is to generally limit the amount of initial capitalized costs for a given contract to the lesser of the estimated ongoing future cash flows from the contract or the termination fees the Company would receive in the event of early termination of the contract by the customer.

In connection with obtaining the large North American Outsourcing program discussed in Results of Operations below, the Company recorded contract acquisition costs primarily for assumed severance liabilities. As of September 30, 2003, the unamortized balance was approximately $9.4 million. Management's projections for this program currently show sufficient cash flows to recover the unamortized balance and as discussed below in Management's Discussion and Analysis, the operating results of this program for the three months ended September 30, 2003 improved significantly.

Income Taxes. The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes," which requires recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. When circumstances warrant, the Company assesses the likelihood that its net deferred tax assets will more likely than not be recovered from future projected taxable income. Management judgment has been used in forecasting future taxable income.

During the second quarter of 2003, the Company updated its analysis of the recoverability of its deferred tax asset due to a change in facts and circumstances. While the Company had reported net losses during 2002 and 2001, management believed they were primarily due to site closures, restructurings and adjusting assets to their net realizable value, and that operating results were profitable without such charges. Further, management expected 2003 and future operations to return to profitability. During the second quarter of 2003, the Company again incurred a net loss. The net loss was the result of both core operating results along with charges for site closures, restructurings and asset recoverability. These represent a different set of facts and circumstances from year-end and, accordingly, the Company determined that it was appropriate under current circumstances to record a valuation allowance for its deferred tax asset.

SFAS 109 provides for the weighing of positive and negative evidence in determining whether it is more likely than not that a deferred tax asset is recoverable. The Company also prepared a forecast of future taxable income, including domestic and international operating results and the reversal of existing temporary differences between income recognized under generally accepted accounting principles and income for federal income tax reporting purposes. Relevant accounting guidance suggests that a recent history of cumulative losses constitutes significant negative evidence, and that future expectations about taxable income are overshadowed by such recent losses. Accordingly, the expectations of future taxable income would generally be limited to no more than two or three years for generating sufficient income to recover deferred tax assets. Based on the Company's evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next two to three years, management determined to establish a valuation allowance of $31.9 million.

The Company has approximately $8.1 million of net deferred tax assets related to certain international countries whose recoverability is dependent upon future profitability.

Goodwill. Goodwill is tested for impairment at least annually at the reporting unit level which is the strategic business unit level for the Company. The impairment, if any, is measured based on the estimated fair value of the reporting unit. Fair value can be determined based on discounted cash flows, comparable sales or valuations of other similar businesses. Impairment occurs when the carrying amount of goodwill exceeds its estimated fair value. The Company's policy is to test goodwill for impairment in the fourth quarter unless circumstances indicate an impairment arises prior to the fourth quarter.

The most significant assumptions used by the Company in this analysis are those made in estimating future cash flows. In estimating future cash flows, the Company generally uses the financial assumptions in its internal forecasting model such as projected capacity utilization, projected changes in the prices the Company charges for its services and projected labor costs. The Company then uses a discount rate it considers appropriate for the country where the business unit is providing services.

If the assumptions used in performing the impairment test prove insufficient, the fair value of the reporting units may be significantly lower, causing the carrying value to exceed the fair value and indicating an impairment has occurred. During the first quarter of 2002, the Company engaged an outside party to perform a valuation of its reporting units. The valuation concluded that the current value of the goodwill associated with its Latin America reporting unit was $0 and, accordingly, a transitional impairment charge of approximately $11.5 million was recorded to write-off goodwill (see Note 2 to the Condensed Consolidated Financial Statements). The Company currently has approximately $29.8 million of goodwill recorded on the September 30, 2003 Condensed Consolidated Balance Sheet related to its North American, Asia Pacific and Newgen reporting units.

Restructuring Liability. The Company periodically assesses the profitability and utilization of its customer management centers along with the overall profitability of the Company. As a result, the Company has historically chosen to close under-performing centers and make reductions in force to enhance future profitability. Under the previous accounting guidance, the Company recorded the anticipated charges at the time a plan was approved by management or the Board of Directors and various other criteria. On January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which specifies that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred instead of upon commitment to a plan. Additionally, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," contains a broadened definition of discontinued operations. The Company adopted SFAS No. 144 effective January 1, 2002.

A significant assumption used in determining the amount of estimated liability for closing customer management centers is the amount of the estimated liability for future lease payments on vacant centers, which management determines based on a third party broker's assessment of the Company's ability to successfully negotiate early termination agreements with landlords and/or the Company's ability to sublease the premises. If management's assumptions regarding early termination and the timing and amounts of sublease payments prove to be inaccurate, the Company may be required to record additional losses, or conversely, future gain, in its consolidated statements of operations. For the nine months ended September 30, 2003, the Company reversed $2.0 million of previously recorded restructuring charges in its Condensed Consolidated Statements of Operations after determining certain estimated balances would not be utilized. As of September 30, 2003, the Company has recorded $3.0 million of estimated restructuring liabilities on the accompanying Condensed Consolidated Balance Sheets. See Note 11 to the Condensed Consolidated Financial Statements for a rollforward of activity in the restructuring liability reserve.

Impairment of Long-Lived Assets. During the year, the Company evaluates the carrying value of its individual customer management centers in accordance with SFAS No. 144 to evaluate whether future operating results are sufficient to recover the carrying costs of the long-lived assets. When the operating results of a center have reasonably progressed to a point making it likely that the site will continue to sustain losses in the future, or there is a current

expectation that a customer management center will be closed or otherwise disposed of before the end of its previously estimated useful life, the Company selects the center for further review.

For customer management centers selected for further review, the Company estimates the future estimated cash flows from operating the center over its useful life. Significant judgment is involved in projecting future capacity utilization, pricing, labor costs and the estimated useful life. Additionally, the Company does not test customer management centers that have been operated for less than two years or those centers that have been impaired within the past two years (the "Two Year Rule"). The Company believes a sufficient time to establish market presence and build a customer base is required for new centers in order to determine recoverability. For recently impaired centers, the Company writes the assets down to estimated fair market value. If the assumptions used in performing the impairment test prove insufficient, the fair value estimate of the customer management centers may be significantly lower, thereby causing the carrying value to exceed fair value and indicating an impairment has occurred.

During the second quarter of 2003, the Company determined that two of its customer management centers would not generate sufficient undiscounted cash flows to recover the net book value of its assets. During the second quarter of 2003, management determined to close the Kansas City center upon expiration of the work being performed for the USPS. Accordingly, the projection for that location indicated that an impairment exists. Additionally, the Company determined that an impairment existed for its Mexico City location. As a result, the Company's North American and International Outsourcing segments recorded charges of approximately $4.0 million and $3.0 million, respectively to reduce the net book value of their long-lived assets to estimated fair value.

To provide a sensitivity analysis of the impairment that could arise were the projection scenarios (that had annual revenue growth rates of 0% to 35% based on management expectations and available capacity) not to prove accurate, assuming revenues were 10% less than projected (holding the margin constant), the impairment loss would have been approximately $11.9 million greater.

The following table summarizes the sensitivity analysis performed by the Company during the second quarter of 2003 (dollars in thousands):

	Net Book Value	Number of Centers	Impairment Under Sensitivity Test
Tested based on Two Year Rule			
Positive cash flow in period	$ 63,586	28	$ —
Negative cash flow in period	$ 19,130	4	$ 7,000
Not tested based on Two Year Rule			
Positive cash flow in period	$ 8,013	4	$ —
Negative cash flow in period	$ 6,336	15	$ 4,900
Total			
Positive cash flow in period	$ 71,600	32	$ —
Negative cash flow in period	$ 25,466	19	$ 11,900

Estimated Sales and Use Tax Liability. The Company records sales and use tax liabilities when such amounts are both probable and estimable. When such amounts are part of an estimated range of loss, the Company records the minimum known liability. In calculating the estimated liability, management also considers what amounts, if any, will be recovered from billing its clients. While management works closely with third party experts in making these assessments, management judgment is exercised in determining whether it is probable that the Company is subject to tax in a given state, estimating minimum liabilities, and estimating amounts recoverable from clients.

Allowance for Doubtful Accounts. The Company has established an allowance for doubtful accounts to reserve for uncollectible accounts receivable. Each quarter the Company reviews its receivables on an account by account basis and assigns a probability of collection. Management judgment is used in assigning a probability of collection. Factors considered in making this judgment are the age of the identified receivable, client financial wherewithal, previous client history and any recent communications with the client.

RESULTS OF OPERATIONS

Operating Review

The following tables are presented to facilitate Management's Discussion and Analysis (dollars in thousands):

	Three Months Ended September 30,					
	2003	% of Revenue	2002	% of Revenue	Change $	Change %
Revenue:						
North American Outsourcing	$ 151,740	62.0%	$ 174,593	69.3%	$ (22,853)	(13.1)%
International Outsourcing	64,717	26.4%	52,270	20.8%	12,447	23.8%
Database Marketing and Consulting	28,469	11.6%	25,026	9.9%	3,443	13.8%
	$ 244,926	100.0%	$ 251,889	100.0%	$ (6,963)	(2.8)%
Cost of Services:						
North American Outsourcing	$ 108,218	71.3%	$ 131,752	75.5%	$ (23,534)	(4.2)%
International Outsourcing	46,507	71.9%	34,594	66.2%	11,913	5.7%

Database Marketing and Consulting	13,092	46.0%	11,297	45.1%	1,795	0.9%
	$ 167,817	68.5%	$ 177,643	70.5%	$ (9,826)	(2.0)%
Selling, General and Administrative:						
North American Outsourcing	$ 21,889	14.4%	$ 24,379	14.0%	$ (2,490)	0.4%
International Outsourcing	20,022	30.9%	16,470	31.5%	3,552	(0.6)%
Database Marketing and Consulting	9,576	33.6%	8,118	32.4%	1,458	1.2%
	$ 51,487	21.0%	$ 48,967	19.4%	$ 2,520	1.6%
Depreciation and Amortization:						
North American Outsourcing	$ 8,415	5.5%	$ 8,059	4.6%	$ 356	0.9%
International Outsourcing	4,301	6.6%	4,248	8.1%	53	(1.5)%
Database Marketing and Consulting	2,457	8.6%	2,254	9.0%	203	(0.4)%
	$ 15,173	6.2%	$ 14,561	5.8%	$ 612	0.4%
Restructuring Charges, net:						
North American Outsourcing	$ 598	0.4%	$ —	0.0%	$ 598	0.4%
International Outsourcing	626	1.0%	—	0.0%	626	1.0%
Database Marketing and Consulting	101	0.4%	—	0.0%	101	0.4%
	$ 1,325	0.5%	$ —	0.0%	$ 1,325	0.5%
Income (Loss) from Operations:						
North American Outsourcing	$ 12,620	8.3%	$ 10,403	6.0%	$ 2,217	2.3%
International Outsourcing	(6,739)	(10.4)%	(3,042)	(5.8)%	(3,697)	(4.6)%
Database Marketing and Consulting	3,243	11.4%	3,357	13.4%	(114)	(2.0)%
	$ 9,124	3.7%	$ 10,718	4.3%	$ (1,594)	(0.6)%
Other Income (Expense):						
North American Outsourcing	$ (1,882)	(1.2)%	$ (1,420)	(0.8)%	$ (462)	(0.4)%
International Outsourcing	(350)	(0.5)%	(17)	0.0%	(333)	(0.5)%
Database Marketing and Consulting	67	0.2%	86	0.3%	(19)	(0.1)%
	$ (2,165)	(0.4)%	$ (1,351)	(0.5)%	$ (814)	(0.4)%
Income Tax Expense (Benefit):						
North American Outsourcing	$ 2,138	1.4%	$ 2,480	1.4%	$ (342)	0.0%
International Outsourcing	2,171	3.4%	(1,137)	(2.2)%	3,308	5.5%
Database Marketing and Consulting	100	0.4%	2,359	9.4%	(2,259)	(9.0)%
	$ 4,409	1.8%	$ 3,702	1.5%	$ 707	0.3%

	Nine Months Ended September 30,					
	2003	% of Revenue	2002	% of Revenue	Change $	Change %
Revenue:						
North American Outsourcing	$ 467,835	64.0%	$ 529,033	69.6%	$ (61,198)	(11.6)%
International Outsourcing	180,108	24.7%	161,055	21.2%	19,053	11.8%
Database Marketing and Consulting	82,767	11.3%	69,517	9.2%	13,250	19.1%
	$ 730,710	100.0%	$ 759,605	100.0%	$ (28,895)	(3.8)%
Cost of Services:						
North American Outsourcing	$ 349,371	74.7%	$ 392,337	74.2%	$ (42,966)	0.5%
International Outsourcing	129,307	71.8%	106,756	66.3%	22,551	5.5%
Database Marketing and Consulting	38,476	46.5%	32,989	47.5%	5,487	(1.0)%
	$ 517,154	70.8%	$ 532,082	70.0%	$ (14,928)	0.8%
Selling, General and Administrative:						
North American Outsourcing	$ 69,885	14.9%	$ 70,220	13.3%	$ (335)	1.6%
International Outsourcing	58,519	32.5%	51,907	32.2%	6,612	0.3%
Database Marketing and Consulting	30,567	36.9%	23,336	33.6%	7,231	3.3%
	$ 158,971	21.8%	$ 145,463	19.1%	$ 13,508	2.7%
Depreciation and Amortization:						
North American Outsourcing	$ 24,173	5.2%	$ 25,571	4.8%	$ (1,398)	0.4%
International Outsourcing	11,523	6.4%	11,826	7.3%	(303)	(0.9)%
Database Marketing and Consulting	7,340	8.9%	5,790	8.3%	1,550	0.6%
	$ 43,036	5.9%	$ 43,187	5.7%	$ (151)	0.2%

Restructuring Charges, net:						
North American Outsourcing	$ 733	0.2%	$ 3,387	0.6%	$ (2,654)	(0.4)%
International Outsourcing	1,644	0.9%	1,814	1.1%	(170)	(0.2)%
Database Marketing and Consulting	101	0.1%	—	0.0%	101	0.1%
	$ 2,478	0.3%	$ 5,201	0.7%	$ (2,723)	(0.4)%
Impairment Loss:						
North American Outsourcing	$ 3,955	0.8%	$ —	0.0%	$ 3,955	0.8%
International Outsourcing	3,000	1.7%	—	0.0%	3,000	1.7%
Database Marketing and Consulting	—	0.0%	—	0.0%	—	0.0%
	$ 6,955	1.0%	$ —	0.0%	$ 6,955	1.0%
Income (Loss) from Operations:						
North American Outsourcing	$ 19,718	4.2%	$ 37,518	7.1%	$ (17,800)	(2.9)%
International Outsourcing	(23,885)	(13.3)%	(11,248)	(7.0)%	(12,637)	(1.3)%
Database Marketing and Consulting	6,283	7.6%	7,402	10.6%	(1,119)	(3.0)%
	$ 2,116	0.3%	$ 33,672	4.4%	$ (31,556)	(4.1)%
Other Income (Expense):						
North American Outsourcing	$ (8,679)	(1.9)%	$ (5,598)	(1.1)%	$ (3,081)	(0.8)%
International Outsourcing	(711)	(0.4)%	(1,268)	(0.8)%	557	0.4%
Database Marketing and Consulting	307	0.4%	3	0.0%	304	0.4%
	$ (9,083)	(1.2)%	$ (6,863)	(0.9)%	$ (2,220)	(0.3)%
Income Tax Expense (Benefit):						
North American Outsourcing	$ 16,620	3.6%	$ 11,538	2.2%	$ 5,082	1.4%
International Outsourcing	10,109	5.6%	(4,758)	(3.0)%	14,867	8.6%
Database Marketing and Consulting	4,136	5.0%	3,809	5.5%	327	(0.5)%
	$ 30,865	4.2%	$ 10,589	1.4%	$ 20,276	2.8%

Financial Comparison

The following tables are a condensed presentation of the components of the change in net income (loss) between periods and designed to facilitate the discussion of results in this Form 10-Q (all amounts are approximate and in thousands):

	Quarter-to-Date	Year-to-Date
Current Period (2003) reported net income (loss) under generally accepted accounting principles accepted in the United States of America	$ 2,080	$ (38,855)
Prior Period (2002) reported net income under generally accepted accounting principles accepted in the United States of America	6,217	5,351
Difference between Current Period (2003) and Prior Period (2002) Net Income (Loss)	$ (4,137)	$ (44,206)
Explanation of differences between Current Period (2003) and Prior Period (2002) Net Income (Loss):		
Deferred tax valuation allowance	(3,049)	(34,910)
Adoption of accounting rule change for goodwill	—	11,541
Restructuring charges and impairment loss	(1,325)	(4,232)
Net reduction in North American Outsourcing operating income from the ramp down or no longer having certain programs	(5,591)	(16,795)
Increase (reduction) in North American Outsourcing operating income from certain dedicated programs	3,512	(2,367)
Reduction in Asia Pacific operating income	(1,863)	(4,446)
Use tax accrual	—	(3,300)
Reduction (increase) in U.S. Corporate overhead	3,548	(460)
Increase in Percepta operating income, net of minority interest	1,636	3,159
Foreign currency transaction gain (loss)	841	(1,787)
Increase (reduction) in Latin American operating income	469	(8,219)
Increase (reduction) in Europe operating income	(2,499)	1,899
Share of losses in EHI	—	3,562
Increase in interest expense	(1,302)	(2,331)
Tax effect and all other, net	1,486	14,480
	$ (4,137)	$ (44,206)

The table below presents workstation data for multi-client centers as of September 30th. Dedicated and facility management centers have been excluded as any unused seats are not available for sale.

2003		
Total Production Workstations	In Use	% in Use
14,035	9,692	69%

Management believes that 90% is a reasonable target to achieve on an ongoing basis. However, there is no assurance that the Company will be able to achieve this targeted utilization in the future. As of June 30, 2003, the utilization rate was 61%.

Three-Month Period Ended September 30, 2003 Compared to September 30, 2002

Revenues. The decrease in North American Outsourcing revenue between periods was driven primarily by the loss of the USPS contract during 2003. The Company ceased providing services to USPS during July 2003. Also contributing to the revenue decrease between periods was a decrease in the billing rate and volumes associated with a large client program during 2003 compared to 2002 as well as the ramp down or no longer having several Canadian multi-client center programs. The decrease in North American Outsourcing revenue has also been caused by a lack of a sufficient level of new business. The Company typically churns approximately 10% to 15% of its revenue each year. Historically, the Company has signed a sufficient level of new business, or grown existing customer business, to more than offset the normal churn. However, over the past several years, the Company has experienced longer sales cycles which management attributes to the global economy. Recently, management has noted an improvement in the sales cycle. While the Company's strategy is to differentiate itself by focusing on complex engagements and offering value added solutions, there is no assurance that it will be successful in being able to win new business or mitigate future price decreases with this strategy.

The increase in International Outsourcing revenues between periods is the result of increases in Europe, Asia Pacific and Latin America. The increase in Asia Pacific is primarily due to growth in an existing client program in Australia. The increase in Europe was driven by Spain and resulted from the combination of an increase in an existing client program along with several new client programs. The increase in Spain was partially offset by a decrease in the U.K. The increases in Asia Pacific and Spain were also favorably impacted by changes in foreign currency exchange rates between periods. Latin American revenues increased primarily as a result of a new client program in Brazil. The increase in Brazil was offset by a decrease in Mexico due to no longer having several client programs.

Database Marketing and Consulting revenues increased primarily as a result of an increase in customer names managed in the service reminder business.

Costs of Services. The decrease in costs of services as a percentage of revenue in North American Outsourcing between periods is primarily due to improvements in a certain large client program. The profitability of this program improved during the three months ended September 30, 2003 primarily as the result of transitioning a greater percentage of work to lower labor cost markets. Additionally, the loss of the USPS contract also had a favorable impact as the cost of service as a percentage of revenue on that contract was higher than the consolidated percentage for the North American Outsourcing segment. The Company is also taking additional steps to improve its costs of services as a percentage of revenue for all programs in its North American Outsourcing segment including enhancing its timekeeping and workforce management systems and other actions to improve program profitability. There is no assurance that management will be successful in these efforts.

The increase in cost of services as a percentage of revenue in International Outsourcing between periods is due to the Asia Pacific and European regions. The Asia Pacific degradation has been primarily caused by a certain client program in Australia. Subsequent to September 30, 2003, the Company renegotiated the terms of this contract and, as a result, management expects the profitability to improve. The European degradation is primarily the result of no longer having a certain contract in the U.K. Latin American costs as a percentage of revenue are comparable between three-month periods.

Cost of services as a percentage of revenue for Database Marketing and Consulting is comparable between periods.

Selling, General and Administrative. Selling, general and administrative expenses as a percentage of revenue in North American Outsourcing are comparable between three-month periods. In absolute dollars, the decrease in selling, general and administrative was primarily due to reductions in U.S. corporate overhead along with reduced bad debt, payroll and telecom expenses at Percepta between periods. During the third quarter of 2003, the Company executed a reduction in force to help reduce selling, general and administrative expenses as well as implemented other cost control measures.

Selling, general and administrative expenses as a percentage of revenue in International Outsourcing between periods are comparable between three-month periods. In absolute dollars, the increase in selling, general and administrative expense was primarily due to Asia Pacific and the U.K. The increase in Asia Pac was primarily due to increased payroll and occupancy costs. Changes in foreign currency exchange rates were a significant contributor to the increase in Asia Pacific expenses. The increase in the U.K. is the combined result of a charge taken during the three months ended September 30, 2003 to correct the accounting related to recognizing into earnings monies received under the IDB Grant ($0.7 million). The amounts recognized in prior periods was not material to any given period previously reported. Additionally, during the three months ended September 30, 2002, the Company reversed an accrual for value added taxes upon a favorable ruling from a local court ($0.6 million).

Selling, general and administrative expenses as a percentage of revenue in Database Marketing and Consulting was comparable between three-month periods. In absolute dollars, the increase in selling, general and administrative expenses was primarily due to increased payroll expenses as well as fees incurred in connection with researching and assessing the sales/use tax liability.

Depreciation and Amortization. The increase in depreciation expense as a percentage of revenue in North American Outsourcing is the result of the decrease in revenue. In absolute dollars, depreciation expense was comparable between the three-month periods. Depreciation expense in 2003 was reduced as a result of the impairments recorded during the fourth quarter of 2002, which offset the increase from the purchase of the corporate headquarters building in February 2003.

The decrease in depreciation expense as a percentage of revenue in International Outsourcing is the combined result of the increase in revenue along with the impairments recorded during the fourth quarter of 2002. In absolute dollars, depreciation expense was comparable between the three-month periods.

Database Marketing and Consulting depreciation and amortization expense, both as a percentage of revenue and in absolute dollars, is comparable between the three-month periods.

Restructuring Charges. During the three months ended September 30, 2003, North American Outsourcing recorded a restructuring charge of $0.9 million for severance and other termination benefits related to a reduction in force of approximately 90 administrative employees. Additionally, a charge of approximately $0.5 million was incurred to record the remaining lease liability of its Kansas City customer management center which was closed during the third quarter of 2003 along with severance payments for the remaining employees. These charges were partially offset by the reversal of $0.8 million in unused accruals from 2002 restructurings.

During the three months ended September 30, 2003, International Outsourcing recorded a restructuring charge of $0.6 million for severance and other termination benefits related to a reduction in force of approximately 30 administrative employees primarily in Asia Pacific.

During the three months ended September 30, 2003, Database Marketing and Consulting recorded a restructuring charge of $0.1 million for severance and other termination benefits related to a reduction in force of approximately 13 administrative employees.

Other Income (Expense). The increase in other expense between periods was primarily due to an increase in interest expense. Interest expense increased as a result of the Company having a higher debt balance in 2003 compared to 2002 which resulted from borrowings related to the purchase of the corporate headquarters building in February 2003. As previously discussed, there was also an increase in the interest rate during the third quarter of 2003 as a result of amending the debt agreements. The increase in interest expense was partially offset by a foreign currency transaction gain related to intercompany receivables/payables. Additionally, during the three months ended September 30, 2003, the Company began recording its pro rata share of earnings (losses) on the joint venture in India upon commencement of operations.

Income Taxes. During the three months ended September 30, 2003, the Company determined that an error occurred in converting the Spanish statutory general ledger to the U.S. GAAP ledger in connection with a general ledger system implementation in Spain which took place during the fourth quarter of 2002. The error impacted the deferred tax asset balance. As a result, Spain's deferred tax asset balance was understated. During the fourth quarter of 2002, the Company determined to establish a valuation allowance for all of Spain's deferred tax assets that arose prior to a certain date. However, because of the error, the Company unintentionally did not record enough valuation allowance during 2002. Primarily as a result of the aforementioned error, the Company recorded approximately $3.0 million of additional tax expense for the three months ended September 30, 2003 in the accompanying Consolidated Statements of Operations to increase its deferred tax valuation allowance. Management does not consider this activity material to any prior period previously reported.

As of September 30, 2003, after adjusting the valuation allowance, the Company has approximately $2.9 million of unreserved deferred tax asset related to its consolidated U.S. federal income tax return. That balance represents the amount of taxes recoverable from available operating loss carryback. Management believes that the unreserved deferred tax asset should not exceed the amount of available carryback until facts and circumstances change and support a different position. Accordingly, for those entities that are part of the consolidated U.S. federal income tax return, the tax expense or benefit that would be derived from multiplying their effective tax rate by the book income or loss before taxes will be offset by an equal amount of increase or decrease in the deferred tax valuation allowance. As a result, deferred income tax expense or benefit will be $0 for those entities until such time that the valuation allowance is fully utilized.

The Company has approximately $8.1 million of net deferred tax assets related to certain international countries whose recoverability is dependent upon future profitability.

Nine-Month Period Ended September 30, 2003 Compared to September 30, 2002

Revenues. The decrease in North American Outsourcing revenue between periods was driven primarily by the ramp down of the USPS contract during 2003, as well as the ramp down or no longer having approximately ten multi-client center programs, primarily in the communications sector. Several of the shared center programs were temporary in nature and ended during the first quarter of 2002. The decrease in North American Outsourcing revenue has also been caused by a lack of a sufficient level of new business. The Company typically churns approximately 10% to 15% of its revenue each year. Historically, the Company has signed a sufficient amount of new business, or grown existing customer business, to more than offset the normal churn. However, over the past several years, the Company has experienced longer sales cycles which management attributes to the global economy. Recently, management has noted an improvement in the sales cycle. While the Company's strategy is to differentiate itself by focusing on complex engagements and offering value added solutions, there is no assurance that it will be successful in being able to win new business or mitigate future price decreases with this strategy.

The increase in International Outsourcing revenues between periods is the net result of increases in Europe and Asia Pacific offset by decreases in Latin America. The increase in Asia Pacific is primarily due to growth in an existing client program in Australia. The increase in Europe was driven by Spain and resulted from the combination of an increase in an existing client program along with a new short term project that was completed in June 2003. The increases in Asia Pacific and Europe were also favorably impacted by changes in foreign currency exchange rates. Latin American revenues decreased primarily as a result of a decrease in Mexico. The decrease in Mexico was primarily due to no longer having several client programs.

Database Marketing and Consulting revenues increased primarily as a result of an increase in customer names managed in the service reminder business.

Costs of Services. Cost of services as a percentage of revenue in North American Outsourcing is comparable between periods. While the Company has improved its gross margin percentage from prior quarter 2003 levels, the Company is taking additional steps to improve its cost of services as a percentage of revenue for all programs in its North American Outsourcing segment including enhancing its timekeeping and workforce management systems and other actions to improve program profitability. There is no assurance that management will be successful in these efforts.

The increase in cost of services as a percentage of revenue in International Outsourcing between periods is due to the Latin American and Asia Pacific regions. The degradation in Latin America is primarily due to Mexico. The Mexico degradation was primarily caused by no longer having several profitable programs along with a more competitive local market. The degradation in Asia Pacific is primarily due to a certain client program in Australia. Subsequent to September 30, 2003, the Company renegotiated the terms of this contract and, as a result, management expects the profitability to improve. Europe costs as a percentage of revenue improved between periods primarily as the result of improvements in Spain. Spain improved primarily as the result of terminating several unprofitable contracts during the second quarter of 2002.

Cost of services as a percentage of revenue for Database Marketing and Consulting is comparable between periods.

Selling, General and Administrative. The increase in selling, general and administrative expenses as a percentage of revenue in North American Outsourcing is primarily due to the decrease in revenue between periods as a significant amount of selling, general and administrative expenses are fixed in nature. In absolute dollars, selling, general and administrative expenses are comparable between periods. During the three months ended September 30, 2003, the Company executed a reduction in force to help reduce payroll expense as well as implemented other cost control measures.

Selling, general and administrative expenses as a percentage of revenue for International Outsourcing was comparable between periods. In absolute dollars, the increase between periods was due to increases in Asia Pacific and Latin America. The increase in Asia Pacific was caused primarily by increases in payroll and related expenses, telco and occupancy costs. Changes in foreign currency exchange rates were a significant contributor to the increase in Asia Pacific expenses. Latin American increases were caused by increases in payroll and related expenses, bad debt expense, telco and occupancy costs. As previously discussed, both of these regions recently took actions to reduce selling, general and administrative expenses.

The increase in selling, general and administrative expenses as a percentage of revenue in Database Marketing and Consulting was caused primarily by an increase in payroll and related expenses along with the accrual for use tax of $3.3 million as discussed in Note 14 to the Condensed Consolidated Financial Statements.

Depreciation and Amortization. North American depreciation expense as a percentage of revenue was comparable between periods. In absolute dollars depreciation expense decreased between periods as the result of the impairments recorded during the fourth quarter of 2002, which offset an increase from the purchase of the corporate headquarters building in February 2003.

The decrease in International Outsourcing depreciation expense as a percentage of revenue is the result of the increase in revenue as well as the impairments recorded during the fourth quarter of 2002. In absolute dollars, depreciation expense was comparable between the nine-month periods.

The increase in Database Marketing and Consulting depreciation expense is the result of greater fixed asset balances in 2003 as well as the commencement of amortizing certain capitalized software costs during the third quarter of 2002 (as a result of launching new products).

Restructuring Charges. During the nine months ended September 30, 2003, the North American Outsourcing segment recorded restructuring charges of approximately $1.4 million related to the closure of its Kansas City, Kansas facility being used to service the USPS. These charges consist of a fee paid to the landlord for the early termination of the lease, recording the remaining lease liability upon closing the facility, severance payments and an accrual for repayment of a grant. Additionally, the North American Outsourcing segment also recorded approximately $0.4 million for the termination of 591 employees related to the shut down of a managed center in Atlanta, Georgia in March 2003, as well as $0.9 million for severance and other termination benefits associated with the termination of 90 administrative employees in the third quarter of 2003. The above mentioned charges were partially offset by the reversal of approximately $2.0 million of unused accruals related to 2002 restructurings.

During the nine months ended September 30, 2003, the International Outsourcing segment recorded restructuring charges of approximately $1.6 million for severance and other termination benefits related to a reduction in force of approximately 120 and 30 administrative employees in Mexico and Asia Pac, respectively.

Impairment Loss. During the nine months ended September 30, 2003, the North American Outsourcing segment recorded an impairment loss of approximately $4.0 million to reduce the net book value of the long-lived assets of its Kansas City customer management center to their estimated fair market value. See discussion above under Critical Accounting Policies.

During the nine months ended September 30, 2003, the International Outsourcing segment recorded an impairment loss of approximately $3.0 million to reduce the net book value of the long-lived assets of its Mexico City customer management center to their estimated fair market value. See discussion above under Critical Accounting Policies.

Other Income (Expense). The increase in other expense between periods was primarily due to an increase in interest expense as well as foreign currency transaction losses partially offset by equity losses from the Company's investment in EHI during 2002. Interest expense increased as a result of the Company having a higher debt balance in 2003 compared to 2002 which resulted from borrowings related to the purchase of the corporate headquarters building in February 2003. The foreign currency transaction losses were incurred primarily on the intercompany receivable/payable between the U.S. and Canada related to services being provided in Canada on behalf of U.S. based customers primarily during the first six months of 2003. During the nine months ended September 30, 2003, the Company recorded approximately $1.8 million of foreign currency transaction losses. While the Company hedges the foreign currency risks associated with its labor costs, it does not hedge risks associated with the timing of settling its intercompany accounts. Management began settling these accounts more timely in the third quarter which effectively mitigates its exposure to fluctuations in foreign currency exchange rates. See discussion in Critical Accounting Policies below.

Income Taxes. During the nine months ended September 30, 2003, the Company established a valuation allowance for the deferred tax assets that relate to its consolidated U.S. federal income tax return. Management made this decision based on the current facts and circumstances including an unexpected deterioration in operating performance, a projected net loss for 2003 (third consecutive year of net loss), continued asset impairments with the potential for additional charges, and an increase in the deferred tax asset balance. In weighing the positive and negative evidence as prescribed in SFAS No. 109, and reviewing projected taxable income (loss), the Company determined that a valuation allowance was necessary to state its deferred tax assets at their expected realizable value. As a result, during the nine months ended September 30, 2003, the Company recorded approximately $34.9 million of income tax expense to establish a valuation allowance. Included in this activity is approximately $3.0 million of correction of an error related to prior periods, none of which management considers material to any prior period previously reported.

Cumulative Effect of Change in Accounting Principle. Upon adoption of SFAS No. 142 in the first quarter of 2002, the Company recorded an impairment of approximately $11.5 million related to the goodwill of its Latin American reporting unit. The impairment was due to the economic risk and uncertainty associated with that region, particularly Argentina, and the corresponding high discount rate used in the SFAS No. 142 calculation.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2003, the Company had cash and cash equivalents of $127.0 million compared to $144.8 million at December 31, 2002. The decrease of $17.8 million from December 31, 2002, primarily resulted from capital expenditures, which were partially offset by cash flow generated from operating activities and borrowings under the line of credit. DSOs increased from 49 days at December 31, 2002 to 53 days at September 30, 2003. Management considers 49 days to be unusually low and believes 53 days to be within a more reasonable range given its mix of domestic and international business. Net cash provided by operating activities was $30.0 million for the nine months ended September 30, 2003 compared to net cash provided of $57.7 million for the nine months ended September 30, 2002. The decrease in cash provided by operating activities is primarily due to an increase in the Company's operating loss.

Cash used in investing activities was $79.5 million for the nine months ended September 30, 2003 compared to $28.6 million for the nine months ended September 30, 2002. For the nine months ended September 30, 2003, the Company had capital expenditures of $69.6 million compared to $29.5 million for the nine months ended September 30, 2002. In February 2003, the Company purchased its corporate headquarters building for $38.2 million, which was previously under a synthetic lease using proceeds from the Revolver. Excluding the purchase of the corporate headquarters building, the amount of capital expenditures were similar between periods. During the nine months ended September 30, 2003 the Percepta board of directors approved distributions of $6.0 million to the joint venture partners. As a result, $2.7 million has been distributed to Ford Motor Company as the minority shareholder of the joint venture. The Company expects the Percepta board of directors to continue these distributions through the remainder of 2003. Additional cash flow uses have primarily been for the internal development of software. Further, in 2003, the Company purchased a business in Brazil in order to acquire and service a new client contract.

Cash provided by financing activities was $35.6 million for the nine months ended September 30, 2003 as compared to cash used of $20.6 million for the nine months ended September 30, 2002. Excluding the $39.0 million in borrowings under the line of credit, the cash used in financing activities for 2003 and 2002 was primarily related to repayments of debt and capital leases, as well as the purchase of treasury stock. In December 2002, the Company's Board of Directors authorized the continuation of a previous repurchase program authorizing the purchase of up to an additional $25.0 million of the Company's stock. Through September 30, 2003, the Company had purchased approximately $1.2 million of its common stock under the new repurchase program.

Historically, capital expenditures have been, and future capital expenditures are anticipated to be, primarily for the development of customer management centers, technology deployment and systems integrations. The level of capital expenditures incurred in 2003 will be dependent upon new client contracts obtained by the Company and the corresponding need for additional capacity. In addition, if the Company's future growth is generated through facilities management contracts, the anticipated level of capital expenditures could be reduced. The Company currently expects total capital expenditures in 2003 to be approximately $40.0 million to $50.0 million, excluding the purchase of its corporate headquarters building. The Company expects its capital expenditures will be used primarily to open several new non-U.S. customer interaction centers, maintenance capital for existing centers and internal technology projects. Such expenditures are expected to be financed with internally generated funds, existing cash balances and borrowings under the Revolver.

The Company's Revolver is with a syndicate of five banks. Under the terms of the Revolver, the Company may borrow up to $85.0 million with the ability to increase the borrowing limit by an additional $50.0 million (subject to bank approval) within three years from the closing date of the Revolver (October 2002). The Revolver matures on December 28, 2006 at which time a balloon payment for the principal amount is due, however, there is no penalty for early prepayment. The Revolver bears interest at a variable rate based on LIBOR. The interest rate will also vary based on the Company leverage ratios (as defined in the agreement). At September 30, 2003 the interest rate was 3.12% per annum while $39.0 million was drawn under the Revolver. The Revolver is guaranteed by all of the Company's domestic subsidiaries and is secured by certain assets of the Company and its domestic subsidiaries as described below. A significant restrictive covenant under the Revolver requires the Company to maintain a minimum fixed charge coverage ratio as defined in the agreement.

The Company also has $75.0 million of Senior Notes, $60.0 million of which bear interest at 8.75% per annum and $15.0 million bear interest at 9.15% per annum. Interest on the Senior Notes is payable semi-annually and principal payments commence in October 2004 with final maturity in October 2011. A significant restrictive covenant under the Senior Notes requires the Company to maintain a minimum fixed charge coverage ratio as defined in the agreement. Additionally, in the event the Senior Notes were to be repaid in full prior to maturity, the Company would have to remit a "make whole" payment as defined in the agreement to the holders of the Senior Notes. As of September 30, 2003, the make whole payment is approximately $10.1 million.

During the second quarter of 2003, the Company was not in compliance with the minimum fixed charge coverage ratio and minimum consolidated net worth covenants under the Revolver and the fixed charge coverage ratio and consolidated adjusted net worth covenants under the Senior Notes. The Company has worked with the lenders to successfully amend both agreements bringing the Company back into compliance. While the Revolver and Senior Notes had subsidiary guarantees, they were not secured by the Company's assets. In connection with obtaining the amendments, the Company has securitized the Revolver and Senior Notes with a majority of the Company's domestic assets. Additionally, the interest rates that the Company pays under the Revolver and Senior Notes increased as well under the amended agreements. The Company believes that annual interest expense will increase by approximately $2.0 million a year from

previous levels under the Revolver and Senior Notes as amended. The Company believes that based on the amended agreements it will be able to maintain compliance with the financial covenants. However, there is no assurance that the Company will maintain compliance with financial covenants in the future and, in the event of a default, no assurance that the Company will be successful in obtaining future waivers or amendments.

From time to time, the Company engages in discussions regarding restructurings, dispositions, mergers, acquisitions and other similar transactions. Any such transaction could include, among other things, the transfer, sale or acquisition of significant assets, businesses or interests, including joint ventures, or the incurrence, assumption or refinancing of indebtedness, and could be material to the financial condition and results of operations of the Company. There is no assurance that any such discussions will result in the consummation of any such transaction. Any transaction that results in the Company entering into a sales leaseback transaction on its corporate headquarters building would result in the Company recognizing a loss on the sale of the property (as management believes that the current fair market value is less than book value) and would result in the settlement of the related interest rate swap agreement (which would require a cash payment and charge to operations of $4.7 million).

In April 2003, the Company announced a joint venture agreement with Bharti Enterprises Limited ("Bharti") to provide in-country and offshore customer management solutions in India. Under terms of the agreement, the Company and Bharti will participate in a joint venture known as TeleTech Services India Private Limited ("TeleTech India"). The Company and Bharti will initially each have a 50% ownership interest in TeleTech India with the Company having the ability to acquire up to 80% of the venture. The Company anticipates funding between $10.0 million and $15.0 million over the next 12 months related to TeleTech India. Through September 30, 2003, the Company had funded $1.5 million to the joint venture.

At September 30, 2003, the Company had the following contractual obligations (amounts in thousands):

Contractual Obligations	Less than 1 year	2-3 years	4-5 years	Over 5 years	Total
Long-term debt and Senior Notes(1)	$ 1,286	$ 26,212	$ 28,376	$ 20,702	$ 76,576
Capital lease obligations(1)	1,236	259	—	—	1,495
Line of credit(1)	—	—	39,000	—	39,000
Grant advances(1)	11,919	—	—	—	11,919
Operating lease commitments(2)	23,130	44,223	32,409	76,101	175,863
Total	$ 37,571	$ 70,694	$ 99,785	$ 96,803	$ 304,853

(1) Reflected on accompanying condensed consolidated balance sheets.

(2) Not reflected on accompanying condensed consolidated balance sheets.

CLIENT CONCENTRATIONS

The Company's five largest clients accounted for 51.4% and 51.2% of its revenues for the nine months ended September 30, 2003 and 2002, respectively. In addition, these five clients accounted for an even greater proportional share of the Company's consolidated earnings. The profitability of these clients varies greatly based upon the specific contract terms with any particular client, and the relative contribution of any single client to consolidated earnings is not always proportional to the relative revenue contribution on a consolidated basis. The risk of this concentration is mitigated, in part, by the long-term contracts the Company has with its largest clients. The contracts with these clients expire between 2003 and 2010. Additionally, a particular client can have multiple contracts with different expiration dates. Although the Company has historically renewed most of its contracts with its largest customers, there is no assurance that future contracts will be renewed, or if renewed, will be on terms as favorable as the existing contracts. In these circumstances, the Company pursues several alternatives to mitigate the impact including replacing the business with new contracts, improving operating margins through greater efficiencies and achieving other cost reductions.

As previously discussed, the USPS did not renew their relationship with the Company. Services provided to the USPS have ramped down during the first half of 2003 and ceased during July 2003. Revenues from the USPS totaled $55.7 million, $58.8 million and $62.0 million for the years ended December 31, 2002, 2001 and 2000, respectively. The loss of the USPS is not expected to have a material adverse effect on the Company's operations, financial position or cash flows.

Under the terms of the original contract with Verizon relating to its CLEC business, there were certain minimum monthly volume commitments at pre-determined hourly billing rates ("Minimum Commitments"). As previously announced, when the CLEC work was redirected to other Verizon business units during 2001, Verizon continued to honor the contractual terms of its Minimum Commitments. While the terms negotiated by these business units were generally at lower hourly billing rates ("Base Rates") than the Minimum Commitments, Verizon has continued to meet its financial obligations associated with the Minimum Commitments. Management believes that if contracts are renewed with Verizon, it will result in lower hourly billing rates than those that are currently being paid under the Base Rates. In some instances, volume associated with new work is also offset against the Minimum Commitments. In addition, certain Minimum Commitments were bought out with cash and these settlement payments are being amortized over the life of such Minimum Commitments. Assuming business volume continues at its current rate, the Company's expectation is that the Minimum Commitments will be satisfied and, accordingly, expire between 2003 and 2004. The amount of Minimum Commitments satisfied by Verizon in excess of the Base Rates, together with amortized settlement payments, was $33.0 million in 2002 and approximately $24.6 million for the nine months ended September 30, 2003. As of September 30, 2003, it is expected that this amount will decline to approximately $32.7 million in 2003, $7.8 million in 2004, and $0 thereafter. There is no cost to the Company associated with the amounts it receives from Verizon for Minimum Commitments in excess of the Base Rates or amortized settlement payments and, accordingly, these amounts impact pre-tax earnings by a like amount. The loss of the Minimum Commitments is not expected to have a material adverse effect on the Company's 2003 operating results, financial position or cash flows. The anticipated decline could have an adverse affect on the Company's operating results in 2004 unless the profits earned from the Minimum Commitments are replaced with other business of comparable profitability, margins are improved through greater operating efficiencies, and other cost reductions are achieved, all of which are being pursued by management. However, no assurance can be given that the Company will be successful in these efforts.

A large client in Spain has informed the Company of its intention to issue a request for proposals upon contract expiration in the fourth quarter of 2003. This client accounts for 54% of Spain's revenue. While management believes it will retain this client contract, no assurance can be given the Company will be successful in this effort. The loss of this contract would not have a material impact on the Company's consolidated operations, financial position or cash flows.

Management believes the cash on hand, anticipated cash flows from operations and availability under the Revolver are sufficient to fund planned operations for the foreseeable future.

NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," which establishes accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost. The adoption of this pronouncement did not have a material impact on the Company.

On January 1, 2003, the Company adopted SFAS No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections," which eliminated inconsistency between required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The adoption of this pronouncement did not have a material impact on the Company.

On January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which specifies that a liability for a cost associated with an exit or disposal activity be recognized at the date of an entity's commitment to an exit plan. The adoption of this pronouncement did not have a material impact on the Company.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 also required that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. The Company has implemented all required disclosures of SFAS No. 148. The Company has not transitioned to a fair value method of accounting for stock-based employee compensation.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46"). FIN 46 requires the consolidation of entities in which an enterprise absorbs a majority of an entity's expected losses, receives a majority of an entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in an entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. The Company did not have any variable interest entities as of September 30, 2003.

In May 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The adoption of this pronouncement did not have a material impact on the Company.

In July 2003, the Company adopted Emerging Issues Task Force No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"), providing further guidance on how to account for multiple element contracts. EITF 00-21 is effective for all arrangements entered into after the second quarter of 2003. The Company has determined that EITF 00-21 will require the deferral of revenue for the initial training that takes place upon commencement of a new contract ("Start-Up Training") if that training is billed separately to a client. Accordingly, the corresponding training costs, consisting primarily of labor and related expenses, will also be deferred. In these circumstances, both the training revenue and costs will be amortized over the life of the client contract. In situations where Start-Up Training is not billed separately, but rather included in the hourly service rates paid by the client through the life of the contract, no deferral is necessary as the revenue is being recognized over the life of the contract. If Start-Up Training revenue is not deferred, the associated training expenses will be expensed as incurred. The adoption of EITF 00-21 did not have a material impact on the Company's operating results for the three months ended September 30, 2003.

In July 2003, the Company adopted SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. The adoption of this pronouncement did not have a material impact on the Company.

Item 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
FOR THE PERIOD ENDED SEPTEMBER 30, 2003

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, LIBOR and foreign currency exchange rates as measured against the U.S. dollar. These exposures are directly related to its normal operating and funding activities. As of September 30, 2003, the Company has entered into forward financial instruments to manage and reduce the impact of changes in the U.S./Canadian dollar exchange rates with several financial institutions. The Company has also entered into an interest rate swap agreement to manage its cash flow risk on the portion of the revolving line of credit used to purchased the corporate headquarters building as interest is variable based upon LIBOR.

Interest Rate Risk

The interest on the Company's line of credit is variable based upon LIBOR and, therefore, affected by changes in market interest rates. At September 30, 2003, there was $39.0 million outstanding on the line of credit. If LIBOR increased 10%, there would be no impact to the Company due to the related interest rate swap as previously discussed.

Foreign Currency Risk

The Company has wholly owned subsidiaries or operations in Argentina, Australia, Brazil, Canada, China, India, Korea, Malaysia, Mexico, New Zealand, the Philippines, Singapore, Spain and the United Kingdom. Revenues and expenses from these operations are 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. For the nine months ended September 30, 2003, revenues from non-U.S. countries represented 42.0% of consolidated revenues.

The Company has contracted with several commercial banks at no material cost, to acquire a total of $107.1 million Canadian dollars through July 2005 at a fixed price in U.S. dollars of $71.2 million. The Company has derivative assets of $8.0 million associated with foreign exchange contracts. If the U.S./Canadian dollar exchange rate were to increase 10% from period-end levels, the Company would not incur a material loss on the contract.

A significant business strategy for the Company's North American Outsourcing segment is to provide service to U.S. based customers from Canadian customer management centers in order to leverage the US/Canadian dollar exchange rates. During the nine months ended September 30, 2003, the Canadian dollar has strengthened against the US dollar by 17%. As a result, the Company's revenues remain constant in U.S. dollars, whereas its costs (which are denominated in Canadian dollars) are increasing. While the Company's hedging strategy can protect the Company from changes in the US/Canadian dollar exchange rates in the short-term, an overall strengthening of the Canadian dollar will adversely impact margins in the North American Outsourcing segment.

Item 4.

CONTROLS AND PROCEDURES

The Company's chief executive officer and chief financial officer have concluded that, as of the end of the third quarter of 2003, the Company's disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934, as amended) were effective.

No changes in the Company's internal control over financial reporting were identified in connection with the evaluation that occurred during the third quarter of 2003 that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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, financial condition or cash flows.

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

The Company held its annual meeting of shareholders ("Annual Meeting") on May 15, 2003. As of March 25, 2003, the record date for the Annual Meeting, approximately 75,058,233 shares of common stock were outstanding. Each matter submitted to a vote of the shareholders at the Annual Meeting received a number of votes sufficient for approval.

The following items were submitted to a vote of the Company's shareholders at the Annual Meeting:

(a) Election of Directors

	Votes For	Authority Withheld
Kenneth Tuchman	66,437,436	1,090,018
James Barlett	55,629,914	11,897,540
Rod Dammeyer	64,466,833	3,051,621
George Heilmeier	64,475,693	3,051,761
William Linnenbringer	66,457,604	1,069,850
Ruth Lipper	64,822,895	2,704,559
Morton H. Meyerons	66,359,291	1,168,163
Alan Silverman	66,807,369	723,085
Shirley Young	66,805,781	721,673

(b) Ratification of Ernst & Young, LLP as the Company's Independent Auditor

Votes For	Votes Against	Votes Abstained
66,674,866	849,962	2,626

(c)

Shareholder Proposal submitted to the Company regarding the MacBride principles by the New York City Employee's Retirement System, the New York City Teacher's Retirement System, the New York City Fire Department Pension Fund and the New York City Police Pension Fund beneficial owners of 139,400 shares of Common Stock.

Votes For	Votes Against	Votes Abstained
2,004,883	55,105,955	2,010,966

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Exhibit Description
10.1	First Amendment to Note Purchase Agreement dated as of February 1, 2003 by and among TeleTech Holdings, Inc. and each of the institutional investors party thereto

10.2	Second Amendment to Note Purchase Agreement dated as of August 1, 2003 by and among TeleTech Holdings, Inc. and each of the institutional investors party thereto
10.3	Third Amendment to Note Purchase Agreement dated as of September 30, 2003 by and among TeleTech Holdings, Inc. and each of the institutional investors party thereto
10.4	First Amendment to Credit Agreement dated as of February 10, 2003 by and among TeleTech Holdings, Inc., the Lenders party thereto and Bank of America, N.A., as administrative agent
10.5	Second Amendment to Credit Agreement dated as of June 30, 2003 by and among TeleTech Holdings, Inc., the Lenders party thereto and Bank of America, N.A., as administrative agent
10.6	Third Amendment to Credit Agreement dated as of October 24, 2003 by and among TeleTech Holdings, Inc., the Lenders party thereto and Bank of America, N.A., as administrative agent
10.7	Intercreditor and Collateral Agency Agreement dated as of October 24, 2003 among various creditors of TeleTech Holdings, Inc. and Bank of America, N.A. as collateral agent
10.8	Pledge Agreement dated as of October 24, 2003 by and among TeleTech Holdings, Inc., each subsidiary of TeleTech Holdings, Inc. party thereto and Bank of America, N.A. as collateral agent
10.9	Security Agreement dated as of October 24, 2003 by and among TeleTech Holdings, Inc., each subsidiary of TeleTech Holdings, Inc. party thereto and Bank of America, N.A. as collateral agent
10.10	Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing dated as of October 24, 2003 by TeleTech Services Corporation to The Public Trustee of the County of Douglas, Colorado for the benefit of Bank of America, N.A. as collateral agent
31	Certifications
32	Written Statement of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

(b) Reports on Form 8-K

TeleTech's Current Report on Form 8-K filed on July 16, 2003
TeleTech's Current Report on Form 8-K filed on August 15, 2003

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: November 5, 2003 By: /s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
Chairman and Chief Executive Officer

Date: November 5, 2003 By: /s/ DENNIS J. LACEY

Executive Vice President and Chief Financial Officer

Exhibit 10.1

Execution Copy

TELETECH HOLDINGS, INC.

FIRST AMENDMENT
Dated as of February 1, 2003

to

NOTE PURCHASE AGREEMENT
Dated as of October 1, 2001

Re: $60,000,000 7.00% Senior Notes, Series A, due October 31, 2008
$15,000,000 7.40% Senior Notes, Series B, due October 31, 2011

FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT

THIS FIRST AMENDMENT dated as of February 1, 2003 (the or this "*First Amendment*") to that certain Note Purchase Agreement dated as of October 1, 2001 is between TeleTech Holdings, Inc., a Delaware corporation (the "*Company*"), and each of the institutional investors listed on the signature pages hereto (collectively, the "*Noteholders*")

RECITALS:

A. The Company and each of the Noteholders have heretofore entered into that certain Note Purchase Agreement dated as of October 1, 2001 (the "*Note Purchase Agreement*"). The Company has heretofore issued (i) $60,000,000 aggregate principal amount of its 7.00% Senior Notes, Series A, due October 31, 2008 (the "*Series A Notes*") and (ii) $15,000,000 aggregate principal amount of its 7.40% Senior Notes, Series B, due October 31, 2011 (the "*Series B Notes*"; said Series B Notes together with the Series A Notes are hereinafter collectively referred to as the *"Notes"*) pursuant to the Note Purchase Agreement. The Noteholders are the holders of 100% of the outstanding principal amount of the Notes.

B. The Company and the Noteholders now desire to amend the Note Purchase Agreement in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Purchase Agreement unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this First Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

Now, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this First Amendment set forth in Section 3.1 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and the Noteholders do hereby agree as follows:

SECTION 1. AMENDMENTS.

1.1. The definition of "Consolidated EBITDA" contained in **Schedule B** to the Note Purchase Agreement shall be and is hereby amended by (a) deleting the word "and" at the end of clause (2) thereof and inserting a comma "," in lieu thereof, (b) inserting the following ", and (4) all non-cash charges resulting from the expensing of stock options by the Company or any of its Restricted Subsidiaries during such period" at the end of clause (3) thereof and (c) amending the second paragraph thereof in its entirety and restating such paragraph as follows:

> "For purposes of determining "Consolidated EBITDA," there shall be added back to Consolidated Net Income for the fiscal quarter ended December 31, 2002, non-cash charges arising from the application of SFAS 144 by the Company and its Restricted Subsidiaries during such fiscal quarter in an amount equal to the lesser of (x) the actual amount of such non-cash charges included in calculating Consolidated Net Income for such fiscal quarter and (y) $35,000,000."

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

2.1. To induce the Noteholders to execute and deliver this First Amendment (which representations shall survive the execution and delivery of this First Amendment), the Company represents and warrants to the Noteholders that:

> (a) this First Amendment has been duly authorized, executed and delivered by it and this First Amendment constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Note Purchase Agreement, as amended by this First Amendment, constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution, delivery and performance by the Company of this First Amendment (i) has been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(A)(3) of this Section 2.1(c);

(d) as of the date hereof and after giving effect to this First Amendment, no Default or Event of Default has occurred which is continuing; and

(e) all the representations and warranties contained in Section 5 of the Note Purchase Agreement are true and correct in all material respects with the same force and effect as if made by the Company on and as of the date hereof.

SECTION 3. CONDITIONS TO EFFECTIVENESS OF THIS FIRST AMENDMENT.

3.1. Upon satisfaction of each and every one of the following conditions, this First Amendment shall become effective as of December 31, 2002:

(a) executed counterparts of this First Amendment, duly executed by the Company and the holders of at least 50% of the outstanding principal of the Notes, shall have been delivered to the Noteholders;

(b) each Subsidiary Guarantor shall have duly executed the reaffirmation of Subsidiary Guaranty Agreement attached hereto;

(c) the representations and warranties of the Company set forth in Section 2 hereof are true and correct on and with respect to the date hereof;

(d) each holder of a Note shall have received evidence satisfactory to it that the Credit Agreement dated as of October 29, 2002 among the Company, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, has been amended in substantially the same manner as the Note Purchase Agreement has been amended by this First Amendment and otherwise in form and substance reasonably satisfactory to the holders of Notes;

(e) each holder of a Note shall have received, by payment in immediately available funds to the account of such holder set forth in **Schedule A** to the Note Purchase Agreement the amount set forth opposite such holder's name in **Schedule 1** attached hereto; and

(f) the Company shall have paid the fees and expenses of Schiff Hardin & Waite, special counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this First Amendment.

Upon receipt of all of the foregoing, this First Amendment shall become effective.

SECTION 4. MISCELLANEOUS.

4.1. This First Amendment shall be construed in connection with and as part of the Note Purchase Agreement, and except as modified and expressly amended by this First Amendment, all terms, conditions and covenants contained in the Note Purchase Agreement and the Notes are hereby ratified and shall be and remain in full force and effect.

4.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Note Purchase Agreement without making specific reference to this First Amendment but nevertheless all such references shall include this First Amendment unless the context otherwise requires.

4.3. The descriptive headings of the various Sections or parts of this First Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

4.4. This First Amendment shall he governed by and construed in accordance with the laws of the State of New York.

[Remainder of page intentionally left blank.]

4.5. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

TELETECH HOLDINGS, INC.

By _____

Its

Accepted and Agreed to:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By _____

Name:
Its Authorized Representative

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: CIGNA Investments, Inc.

By _____

Name:
Title:

LIFE INSURANCE COMPANY OF NORTH AMERICA

By: CIGNA Investments, Inc.

By _____

Name:
Title:

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By _____

Name:
Title:

THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC.

By _____

Name:
Title:

FORT DEARBORN LIFE INSURANCE COMPANY

By: Guardian Investor Services LLC

By _____

Name:
Title:

NATIONWIDE LIFE INSURANCE COMPANY

By _____

Name:
Title:

NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

By _____

Name:
Title:

Fee Schedule

The Northwestern Mutual Life Insurance Company	$	27,000
Connecticut General Life Insurance Company	$	3,000
Connecticut General Life Insurance Company	$	3,000
Connecticut General Life Insurance Company	$	3,000
Connecticut General Life Insurance Company	$	3,000

Connecticut General Life Insurance Company	$	3,000
Connecticut General Life Insurance Company	$	1,000
Connecticut General Life Insurance Company	$	1,000
Life Insurance Company of North America	$	3,000
The Guardian Life Insurance Company of America	$	5,000
The Guardian Life Insurance Company of America	$	5,000
The Guardian Life Insurance Company of America	$	5,000
The Guardian Insurance & Annuity Company, Inc.	$	1,500
Fort Dearborn Life Insurance Company	$	1,000
Fort Dearborn Life Insurance Company	$	500
Nationwide Life Insurance Company	$	7,000
Nationwide Life and Annuity Insurance Company	$	3,000
Total:	$	75,000

Reaffirmation of Subsidiary Guaranty Agreement

The undersigned Subsidiary Guarantors hereby acknowledge and agree to the foregoing First Amendment to Note Purchase Agreement and reaffirm the Subsidiary Guaranty Agreement dated as of October 1, 2001 given in favor of each Noteholder and their respective successors and assigns:

TTEC NEVADA, INC.
TELETECH CUSTOMER SERVICES, INC.

By _____

Christy O'Connor
President

NEWGEN RESULTS CORP.
CARABUNGA.COM, INC.
NEWGEN MANAGEMENT SERVICES, INC.
NEWGEN DEALER PRICING CENTER, INC.

By _____

Christy O'Connor
Assistant Secretary

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT (COLORADO), INC.
TELETECH CUSTOMER CARE MANAGEMENT (NEW YORK), INC.
TELETECH FACILITIES MANAGEMENT (PARCEL CUSTOMER SUPPORT), INC.
TELETECH FACILITIES MANAGEMENT (POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT (CALIFORNIA), INC.
T-TEC LABS, INC.
TELETECH CUSTOMER CARE MANAGEMENT (TELECOMMUNICATIONS), INC.
TELETECH CUSTOMER CARE MANAGEMENT, INC.
TELETECH CUSTOMER CARE MANAGEMENT (WEST VIRGINIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (SOUTH AMERICA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (TEXAS), INC.
TELETECH CUSTOMER CARE MANAGEMENT (GENERAL), INC.
TELETECH CUSTOMER CARE SOLUTIONS (JAPAN), INC.
TELETECH SOUTH AMERICA HOLDINGS, INC.
TELETECH INTERNATIONAL HOLDINGS, INC.
EDM INTERNATIONAL, INC.

By _____

Margot O'Dell
Chief Financial Officer and Executive Vice President, International Operations

QuickLinks

Exhibit 10.2

TELETECH HOLDINGS, INC.

WAIVER AND SECOND AMENDMENT
Dated as of August 1, 2003

to

NOTE PURCHASE AGREEMENT
Dated as of October 1, 2001

Re: $60,000,000 7.00% Senior Notes, Series A, due October 31, 2008
$15,000,000 7.40% Senior Notes, Series B, due October 31, 2011

Waiver and Second Amendment to Note Purchase Agreement

This Waiver and Second Amendment dated as of August 1, 2003 (the or this "*Second Amendment*") to that certain Note Purchase Agreement dated as of October 1, 2001 is between TeleTech Holdings, Inc., a Delaware corporation (the "*Company*"), and each of the institutional investors listed on the signature pages hereto (collectively, the "*Noteholders*").

RECITALS:

A. The Company and each of the Noteholders have heretofore entered into that certain Note Purchase Agreement dated as of October 1, 2001, as amended by that certain First Amendment to Note Purchase Agreement dated as of February 1, 2003 (as amended, the *"Original Note Purchase Agreement*"). The Company has heretofore issued (i) $60,000,000 aggregate principal amount of its 7.00% Senior Notes, Series A, due October 31, 2008 (the *"Original Series A Notes"*) and (ii) $15,000,000 aggregate principal amount of its 7.40% Senior Notes, Series B, due October 31, 2011 (the "*Original Series B Notes*"; said Original Series B Notes together with the Original Series A Notes are hereinafter collectively referred to as the *"Original Notes"*) pursuant to the Original Note Purchase Agreement. The Noteholders are the holders of 100% of the outstanding principal amount of the Original Notes.

B. The Company is presently in default in the performance of the covenants set forth in Section 10.3 and Section 10.4 of the Original Note Purchase Agreement as more specifically described in Section 1.1 below.

C. The Noteholders are, subject to the terms and conditions of this Second Amendment, willing to waive the existing defaults by the Company in respect of Section 10.3 and Section 10.4 of the Original Note Purchase Agreement.

D. The Company and the Noteholders now desire to (i) amend the Original Note Purchase Agreement in the respects, but only in the respects, hereinafter set forth and (ii) amend and restate (a) the Original Series A Notes in the form of Exhibit 1(a) attached hereto and (b) the Original Series B Notes in the form of Exhibit 1(b) attached hereto (collectively, the *"Amended and Restated Notes"*).

E. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Original Note Purchase Agreement unless herein defined or the context shall otherwise require.

F. All requirements of law have been fully complied with and all other acts and things necessary to make this Second Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this Second Amendment set forth in Section 4 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and the Noteholders do hereby agree as follows:

SECTION 1 WAIVER OF DEFAULTS AND EVENTS OF DEFAULT.

Section 1.1. The Company hereby represents and warrants that the following is a complete and correct description of all Defaults and Events of Default which have occurred and are continuing under the Original Note Purchase Agreement:

(a) the Company failed to maintain the required Fixed Charges Coverage Ratio for the fiscal quarter ending on June 30, 2003 pursuant to Section 10.3 of the Original Note Purchase Agreement; and

(b) the Company failed to maintain the required level of Consolidated Adjusted Net Worth for the fiscal quarter ending on June 30, 2003 pursuant to Section 10.4 of the Original Note Purchase Agreement.

Section 1.2. By the execution and delivery of this Second Amendment by each of the Noteholders, each Noteholder hereby agrees with the Company that all Defaults and Events of Default existing on or prior to the Effective Date (as hereinafter defined), and which are specifically described in Section 1.1 hereof, are hereby waived.

Section 1.3. The Company understands and agrees that the waiver contained in Section 1.2 pertains only to the Defaults and Events of Default described in Section 1.1 and not to (a) any other Default or Event of Default which may heretofore, now or hereafter exist under, or any other matters arising in connection with, the Original Note Purchase Agreement or (b) any rights which the Noteholders have arising by virtue of any such other Default, Event of Default or matter.

SECTION 2 AMENDMENTS.

Section 2.1. Section 2 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the following new Section 2.3 at the end thereof:

> *Section 2.3. Security for the Notes.* The obligations of the Company under this Agreement and the Notes will be secured by, among other things, (a) a perfected, first priority security interest in all domestic cash, domestic cash equivalents and domestic accounts receivable of the Company and its Restricted Subsidiaries, (b) a perfected, first priority pledge of all of the capital stock and other equity interests owned by the Company and its Subsidiaries in its domestic Restricted Subsidiaries, (c) a first mortgage lien on the Company's headquarters facility located in Englewood, Colorado and (d) a lien on all other domestic assets of the Company and its Restricted Subsidiaries in accordance with the Security Documents. The security will be granted to Bank of America, N.A., in its capacity as collateral agent (the "*Collateral Agent*") for the benefit of the holders of Notes and the Bank Lenders.

Section 2.2. Section 7.2(a) of the Original Note Purchase Agreement shall be and is hereby amended by inserting the words "Section 10.12 and Section 10.14" after the words "Section 10.8, inclusive," where such words appear in said Section 7.2(a).

Section 2.3. Section 8.3 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the following sentence at the end of said Section 8.3.

> All partial prepayments made pursuant to Section 8.7 shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 2.4. The definition of "Remaining Scheduled Payments" contained in Section 8.6 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the words "(computed at the rate of 7.00%, in the case of the Series A Notes, and 7.40%, in the case of the Series B Notes)" after the words "and interest thereon" where such words appear in said definition.

Section 2.5. Section 8 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the following new Section 8.7:

> *Section 8.7. Offer to Prepay upon Sale of Assets*.

(a) *Notice and Offer.* In the event of a sale, lease or other disposition of the Company's headquarters facility located in Englewood, Colorado or any other domestic assets of the Company or its Restricted Subsidiaries pursuant to Section 10.7(c), the Company will, within five Business Days of the disposition of the Company's headquarters facility or the date on which the Company determines not to (or can not or does not) reinvest the Net Cash Proceeds of such other disposition in accordance with Section 10.7(b), give written notice of such event (a "*Sale of Assets Prepayment Event*") to each holder of the Notes. Such notice shall contain, and shall constitute, an irrevocable offer to prepay a Ratable Portion of the Notes held by such holder on a date specified in such notice (the "*Sale of Assets Prepayment Date*") that is not less than 30 days nor more than 60 days after the date of such notice. If the Sale of Assets Prepayment Date shall not be specified in such notice, the Sale of Assets Prepayment Date shall be the 30th day after the date of such notice.

(b) *Acceptance and Payment*. A holder of the Notes may accept or reject the offer to prepay pursuant to this Section 8.7 by causing a notice of such acceptance or rejection to be delivered to the Company at least 10 days prior to the Sale of Assets Prepayment Date. A failure by a holder of the Notes to respond to an offer to prepay made pursuant to this Section 8.7 shall be deemed to constitute a rejection of such offer by such holder. If so accepted, such offered prepayment in respect of the Ratable Portion of the Notes of each holder that has accepted such offer shall be due and payable on the Sale of Assets Prepayment Date. Such offered prepayment shall be made at 100% of the aggregate Ratable Portion of the Notes of each holder that has accepted such offer, together with interest on that portion of the Notes then being prepaid accrued to the Sale of Assets Prepayment Date, but without any premium.

(c) Each offer to prepay the Notes pursuant to this Section 8.7 shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying: (1) the Sale of Assets Prepayment Date; (2) that such offer is being made pursuant to this Section 8.7 and that the failure by a holder to respond to such offer by the deadline established in Section 8.7(b) shall result in such offer to such holder being deemed rejected; (3) the Ratable Portion of each such Note offered to be prepaid; (4) the interest that would be due on the Ratable Portion of each such Note offered to be prepaid, accrued to the Sale of Assets Prepayment Date; (5) that the conditions of this Section 8.7 have been satisfied and (6) in reasonable detail, a description of the nature and date of the Sale of Assets Prepayment Event giving rise to such offer of prepayment.

(d) *Effect on Required Prepayments*. The amount of each payment of the principal of any Note made pursuant to this Section 8.7 shall be applied first against the principal amount due at maturity of such Note and then against the last maturing prepayment installments of principal, if any, of such Note provided for in Section 8.1.

Section 2.6. Section 9.2 of the Original Note Purchase Agreement shall be and is hereby amended by adding the following sentence at the end of said Section 9.2.

> In addition to the foregoing, the Company will, and will cause each of its Subsidiaries to, maintain insurance with respect to the Collateral in accordance with the terms and provisions of the Security Documents.

Section 2.7. Section 9.3 of the Original Note Purchase Agreement shall be and is hereby amended by adding the following sentence at the end of said Section 9.3.

In addition to the foregoing, the Company will, and will cause each of its Subsidiaries to, maintain and keep or cause to be maintained and kept, the Collateral in accordance with the terms and provisions of the Security Documents.

Section 2.8. Section 9.6 of the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated to read as follows:

Section 9.6. Subsidiary Guaranty Agreement.

(a) *Additional Subsidiary Guarantors and Collateral.* If, at any time, any existing or newly acquired or formed Subsidiary becomes a Restricted Subsidiary or obligated as a co-obligor or guarantor under the Bank Credit Agreement, the Company shall, at its sole cost and expense, cause such Subsidiary to concurrently become a guarantor in respect of this Agreement and the Notes and, within 10 Business Days thereafter, deliver, or cause to be delivered, to each holder of Notes the following items:

(1) an executed Supplement to the Subsidiary Guaranty Agreement in the form of Exhibit A thereto (a *"Guaranty Supplement"*);

(2) such security agreements, pledge agreements, account control agreements, mortgages and other instruments in scope, form and substance satisfactory to the holders of the Notes, to grant to the Collateral Agent, on behalf of the holders of Notes and the Bank Lenders, (i) a perfected, first priority Lien in (A) all domestic accounts receivable of such Subsidiary, (B) all domestic cash and domestic cash equivalents of such Subsidiary, and (C) if such Subsidiary is domestic, all of the capital stock and other equity interests of such Subsidiary owned by the Company and its Subsidiaries and (ii) a Lien on all other domestic assets of such Subsidiary in accordance with the terms of the Security Documents (including any side letter governing perfection of such security interest);

(3) such documents and evidence with respect to such Subsidiary and, if such Subsidiary is domestic, with respect to the Person granting the Lien in the capital stock or other equity interests of such Subsidiary (the *"Subsidiary Parent"*), as any holder of Notes may reasonably request in order to establish the existence and good standing of such Subsidiary and the Subsidiary Parent, if applicable, and the authorization of the transactions contemplated by such Guaranty Supplement and the Security Documents;

(4) an opinion of counsel to such Subsidiary and the Subsidiary Parent, if applicable, satisfactory to the Required Holders to the effect that such Guaranty Supplement and Security Documents have been duly authorized, executed and delivered and the Subsidiary Guaranty Agreement, as supplemented by such Guaranty Supplement, and the Security Documents constitute the legal, valid and binding contracts and agreements of such Subsidiary and the Subsidiary Parent, if applicable, enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles and the creation and, to the extent required to be perfected thereby, the perfection of the Liens contemplated thereby; and

(5) a certificate from a Responsible Officer of the Company, dated the date of the Guaranty Supplement, certifying that, except as otherwise provided in such certificate, each of the representations and warranties of the Company set forth in Section 5 is correct as of the date of the Guaranty Supplement.

(b) *Release of Subsidiary Guarantors.* If at any time, (1) the Company and its Subsidiaries shall have sold, transferred or otherwise disposed of, in accordance with the requirements of Section 10.7, all of the capital stock or other equity interests of a Subsidiary Guarantor that are then owned by the Company and its Subsidiaries and (2) the Company shall have delivered to each holder of Notes an Officer's Certificate (the *"Subsidiary Guarantor Release Certificate"*) certifying that (i) the condition specified in clause (1) above has been satisfied and (ii) immediately preceding the release of such Subsidiary Guarantor from the Subsidiary Guaranty Agreement and after giving effect thereto, no Default or Event of Default shall have existed or would exist, then, upon receipt by the holders of Notes of the Subsidiary Guarantor Release Certificate, such Subsidiary Guarantor shall be discharged from its obligations under the Subsidiary Guaranty Agreement and such Subsidiary shall cease to be considered a "Subsidiary Guarantor" for all purposes under this Agreement.

Section 2.9. Section 9 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the following new Sections at the end thereof:

Section 9.7. Collateral; Intercreditor and Collateral Agency Agreement. (a) On or prior to September 30, 2003, unless otherwise extended by an agreement in writing signed by the holders of the Notes prior to such date, the Company shall, and shall cause each of its Restricted Subsidiaries to grant to the Collateral Agent, on behalf of the holders of Notes and the Bank Lenders, (1) a perfected, first priority Lien in (i) all domestic accounts receivable of the Company and its Restricted Subsidiaries, (ii) all domestic cash or domestic cash equivalents of the Company and its Restricted Subsidiaries, (iii) the headquarters facility of the Company located in Englewood, Colorado and (iv) all of the capital stock or other equity interests owned by the Company and its Subsidiaries in the domestic Restricted Subsidiaries and (2) a Lien in all other domestic assets of the Company and its Restricted Subsidiaries in accordance with the terms of the Security Documents (including any side letter governing perfection of such security interest). The Liens on the Collateral shall be granted in favor of the Collateral Agent for the benefit of the holders of Notes and the Bank Lenders pursuant to such security agreements, pledge agreements, account control agreements, mortgages and other instruments in scope, form and substance satisfactory to the holders of the Notes. Concurrently with the execution and delivery of the agreements described above, the Company shall cause to be delivered to the Collateral Agent and each of the holders of the Notes (x) an environmental report, survey, title insurance policy and evidence of insurance satisfactory to the Collateral Agent and the holders of the Notes in respect of the headquarters facility of the Company located in Englewood, Colorado and (y) an opinion of independent counsel reasonably satisfactory to the holders of the Notes as to the authorization, execution, delivery and enforceability of that Waiver and Second Amendment dated as of August 1, 2003, the Notes as amended and restated and the Security Documents, the creation and, to the extent required to be perfected thereby, the perfection of the Liens contemplated thereby and such other matters as the holders of the Notes may reasonably request which

opinion shall be in scope, form and substance satisfactory to the holders of the Notes and, to the extent applicable, substantially similar to the opinion delivered to the holders of the Notes on the date of the Closing.

(b) On or prior to September 30, 2003, the holders of the Notes, the Bank Lenders and the Collateral Agent shall enter into, and the Company and its Restricted Subsidiaries shall enter into an acknowledgement of, an intercreditor and collateral agency agreement (as the same may be amended, supplemented, restated or otherwise modified, the "*Intercreditor Agreement*") in scope, form and substance satisfactory to the holders of the Notes.

Section 9.8. Further Assurances. The Company will, and will cause each of its Restricted Subsidiaries to, cure promptly any defects in the execution and delivery of this Agreement, the Notes, the Subsidiary Guaranty Agreement and the Security Documents. The Company, at its expense, will, and will cause each of its Restricted Subsidiaries to, promptly execute and deliver to the holders upon request all such other and further documents, agreements, instruments, notices or releases (or cause any of its Restricted Subsidiaries to take such action), as may be necessary or appropriate in the reasonable judgment of the Required Holders to carry out the provisions and purposes of this Agreement, the Subsidiary Guaranty Agreement and the Security Documents.

Section 2.10. Section 10.1 of the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

Section 10.1. Adjusted Consolidated Debt to Adjusted Consolidated EBITDA Ratio. The Company will not at any time permit the Adjusted Consolidated Debt to Adjusted Consolidated EBITDA Ratio to exceed:

Period	Ratio
During each of the second, third and fourth fiscal quarter of 2003	3.25 to 1.00
During the first fiscal quarter of 2004 and each fiscal quarter thereafter	3.00 to 1.00

Section 2.11. Section 10.3 of the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

Section 10.3. Fixed Charges Coverage *Ratio*. The Company will not at any time permit the Fixed Charges Coverage Ratio to be less than:

Period	Ratio
During each of the second, third and fourth fiscal quarter of 2003	2.00 to 1.00
During the first fiscal quarter of 2004	2.25 to 1.00
During the second fiscal quarter of 2004 and each fiscal quarter thereafter	2.50 to 1.00

Section 2.12. Section 10.4 of the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

Section 10.4. Consolidated Adjusted Net Worth. The Company will not at any time permit Consolidated Adjusted Net Worth to be less than the sum of (a) $235,000,000, *plus* (b) an aggregate amount equal to 50% of its Consolidated Net Income (but, in each case, only if a positive number) for each completed fiscal quarter beginning with the fiscal quarter ended September 30, 2003.

Section 2.13. Sections 10.5 of the Original Note Purchase Agreement shall be and is hereby amended by deleting clause (k) thereof and inserting in lieu thereof:

(k) Liens created pursuant to or permitted by the Security Documents; and

Section 2.14. Section 10.6 of the Original Note Purchase Agreement shall be and is hereby amended by (a) inserting the words ", the Security Documents" immediately following the words "this Agreement" where such words appear in paragraph (b) of said Section 10.6 and (b) inserting the words ", the Security Documents" after the words "this Agreement" where such words appear in the last sentence of said Section 10.6.

Section 2.15. Section 10.7 of the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

Section 10.7. Sale of Assets, Etc. The Company will not, and will not permit any Restricted Subsidiary to, sell, lease or otherwise dispose of any of the domestic assets of the Company or its Restricted Subsidiaries (other than assets that are obsolete or no longer used or useful in the Company's or such Restricted Subsidiary's business); *provided, however,* that:

(a) the Company or any Restricted Subsidiary may sell, lease or otherwise dispose of domestic assets if (1) such assets are sold for Fair Market Value, (2) the Net Cash Proceeds of the disposition of such assets (other than (i) pursuant to (A) transactions in the ordinary course of business and (B) transfers from the Company to a Wholly-Owned Restricted Subsidiary or from a Restricted Subsidiary to the Company or a Wholly-Owned Restricted Subsidiary or (ii) such other assets the Net Cash Proceeds of which were applied as provided in clauses (b) or (c) below ("*Excluded Assets*")), when added to the Net Cash Proceeds of all other assets sold, leased or otherwise disposed of by the Company and its Restricted Subsidiaries (other than Excluded Assets) during the then current fiscal year shall not exceed $5,000,000 in the aggregate and (3) at the time of such sale, lease or other disposition and after giving effect thereto, no Default or Event of Default would exist; or

(b) the Company or any Restricted Subsidiary may sell, lease or otherwise dispose of domestic assets if (1) an amount equal to the Net Cash Proceeds received from such sale, lease or other disposition, shall have been used within 270 days of such disposition to acquire productive assets used or useful in engaging in the business of the Company and its Restricted Subsidiaries and having a Fair Market Value at least equal to the Net Cash Proceeds of such assets sold, leased or otherwise disposed of, (2) the amount of Net Cash Proceeds at any one time held for reinvestment pursuant to this

Section 10.7(b) shall not exceed $20,000,000 in the aggregate and (3) at the time of such sale, lease or other disposition and after giving effect thereto, no Default or Event of Default would exist; or

(c) the Company or any Restricted Subsidiary may sell, lease or otherwise dispose of domestic assets if an amount equal to the Net Cash Proceeds received from such sale, lease or other disposition shall be used to prepay Senior Debt secured by the Security Documents, *provided* that in the course of making any such prepayment the Company shall offer to prepay each outstanding Note in accordance with Section 8.7 in a principal amount that equals the Ratable Portion for such Note.

Section 2.16. Sections 10 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the following new Sections at the end thereof:

Section 10.12. Current Ratio. The Company will not, as at the end of any fiscal quarter of the Company, permit the ratio of Consolidated Current Assets to Consolidated Current Liabilities to be less than 1.60 to 1.00.

Section 10.13. Limitation on Restricted Payments. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, declare or make, or incur any liability to declare or make, any Restricted Payments other than repurchases or exchanges of common stock of the Company and options to purchase common stock of the Company granted to persons who at the time of such grant were employees of the Company or any Restricted Subsidiary (collectively, *"Permitted Payments"*); *provided* that (1) the aggregate amount of Permitted Payments made by the Company and its Restricted Subsidiaries in any fiscal year of the Company shall not exceed $5,000,000 and (2) at the time of the making of any Permitted Payment and immediately after giving effect thereto, no Default or Event of Default would exist.

(b) On and after the date the Company shall have received an Investment Grade Rating, the provisions of Section 10.13(a) shall no longer be applicable.

Section 10.14. Domestic Asset Coverage Ratio. The Company shall not at any time permit the Domestic Assets Coverage Ratio to be less than 1.10 to 1.00.

Section 2.17. Section 11(c) of the Original Note Purchase Agreement shall be and is hereby amended by (a) inserting the words "Section 9.7," after the words "contained in" and (b) inserting the words "through Section 10.14, inclusive" after the words "Section 10.11", in each case, where such words appear in said Section 11(c).

Section 2.18. Section 11(g) of the Original Note Purchase Agreement shall be and is hereby amended by inserting the words ", in any Security Document" after the words "in the Subsidiary Guaranty Agreement" where such words appear in said Section 11(g).

Section 2.19. Section 11(l) of the Original Note Purchase Agreement shall be and is hereby amended by (a) deleting the period "." and replacing it with the word "; or" at the end of said Section 11(l) and (b) inserting a new clause (m) after said Section 11(l) which shall read as follows:

(m) the Company or any of its Restricted Subsidiaries party to the Security Documents defaults in the performance of or compliance with any term contained in any Security Document and such default is not remedied within the period of grace, if any, allowed with respect thereto (or, to the extent not prescribed therein, within 30 days of its occurrence), or any Security Document shall cease to be in full force and effect for any reason whatsoever or any Security Document shall fail or cease to create a valid and, to the extent required by the Security Documents, perfected first priority Lien on any material portion of the Collateral purported to be covered thereby or the Company or any of its Restricted Subsidiaries party to the Security Documents shall contest or deny the validity or enforceability in any material respect of any Lien granted under any Security Document or any of its obligations thereunder.

Section 2.20. Section 15.1 of the Original Note Purchase Agreement shall be and is hereby amended by deleting the words "this Agreement, the Subsidiary Guaranty Agreement or the Notes" and replacing them with the words "this Agreement, the Notes, the Intercreditor Agreement or any Security Document" in each place where such words appear in said Section 15.1.

Section 2.21. Section 17.2(a) of the Original Note Purchase Agreement shall be and is hereby amended by inserting the words ", of any Security Document" after the words "in respect of any of the provisions hereof" where such words appear in the first sentence of said Section 17.2(a**)**.

Section 2.22. Section 17.2(b) of the Original Note Purchase Agreement shall be and is hereby amended by inserting the words ", of the Notes or of any Security Document" after the words "any of the terms and provisions hereof" where such words appear in said Section 17.2(b).

Section 2.23. Section 19 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the words "or contemplated hereby" after the words "This Agreement and all documents relating hereto" where such words appear in the first sentence of said Section 19.

Section 2.24. The definition of "Bank Credit Agreement" contained in Schedule B to the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

"*Bank Credit Agreement*" shall mean that certain Credit Agreement dated as of October 29, 2002 among the Company, the lenders party thereto and Bank of America, N.A., as Administrative Agent, as the same may be amended, restated, refinanced, replaced or otherwise modified or any successor thereto.

Section 2.25. The definition of "Consolidated EBITDA" contained in Schedule B to the Original Note Purchase Agreement shall be and is hereby amended by amending the second paragraph thereof in its entirety and restating such paragraph as follows:

For purposes of determining "Consolidated EBITDA," there shall be added back to Consolidated Net Income (a) for the fiscal quarter ended December 31, 2002, non-cash charges arising from the application of SFAS 144 by the Company and its Restricted Subsidiaries during such fiscal quarter in an amount equal to the lesser of (x) the actual amount of such non-cash charges included in calculating Consolidated Net Income for such fiscal quarter and (y) $35,000,000; (b) for each of the fiscal quarters ended June 30, 2003, September 30, 2003 and December 31, 2003, non-cash charges arising from the application of SFAS 144 and SFAS 146 by the Company and its Restricted Subsidiaries during such fiscal quarter; *provided* that the aggregate amount added back pursuant to this clause (b) for all such fiscal quarters shall be an amount equal to the lesser of (x) the actual amount of such non-cash charges included in calculating Consolidated Net Income for such fiscal quarters and (y) $17,000,000; (c) for each of the fiscal quarters of the fiscal year ended December 31, 2004, non-cash charges arising from the application of SFAS 144 and SFAS 146 by the Company and its Restricted Subsidiaries during such fiscal quarter; *provided* that the aggregate amount added back pursuant to this clause (c) for all such fiscal quarters shall be an amount equal to the lesser of (x) the actual amount of such non-cash charges included in calculating Consolidated Net Income for such fiscal quarters and (y) $9,000,000; and (d) for each of the fiscal quarters of the fiscal year ended December 31, 2005, non-cash charges arising from the application of SFAS 144 and SFAS 146 by the Company and its Restricted Subsidiaries during such fiscal quarter; *provided* that the aggregate amount added back pursuant to this clause (d) for all such fiscal quarters shall be an amount equal to the lesser of (x) the actual amount of such non-cash charges included in calculating Consolidated Net Income for such fiscal quarters and (y) $6,000,000.

Section 2.26. The definition of "Excluded Sale and Leaseback Transactions" contained in Schedule B to the Original Note Purchase Agreement shall be and is hereby deleted in its entirety.

Section 2.27. The definition of "Intercreditor Agreement" contained in Schedule B of the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

"*Intercreditor Agreement*" is defined in Section 9.7(b).

Section 2.28. The definition of "Material Adverse Effect" contained in Schedule B to the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

"*Material Adverse Effect*" shall mean a material adverse effect on (a) the business, operations, financial condition, assets or properties of the Company and its Restricted Subsidiaries, taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement, any Security Document to which it is a party or the Notes, (c) the validity or enforceability of this Agreement, the Subsidiary Guaranty Agreement, any Security Document or the Notes or (d) the perfection or priority of any Lien in favor of the Collateral Agent required pursuant to the terms of the Security Documents to be perfected.

Section 2.29. The definition of "Priority Debt" contained in Schedule B to the Original Note Purchase Agreement shall be and is hereby amended in its entirety and restated as follows:

"*Priority Debt*" shall mean, without duplication, the sum of (a) all Debt of the Company secured by any Lien with respect to any property owned by the Company other than Liens permitted by paragraphs (a) through (k) of Section 10.5 and (b) all Debt of Restricted Subsidiaries other than (1) Debt owed to the Company or a Wholly-Owned Restricted Subsidiary, (2) Debt outstanding at the time such Person became a Subsidiary, *provided*, that (i) such Debt shall not have been incurred in contemplation of such Subsidiary becoming a Subsidiary and (ii) immediately after such Subsidiary became a Subsidiary, no Default or Event of Default shall exist, and *provided further*, that such Debt may not be extended, renewed or refunded except as otherwise permitted by this Agreement, and (3) Debt of Subsidiary Guarantors evidenced by the Subsidiary Guaranty Agreement and the Bank Guaranty or incurred as a co-obligor under the Bank Credit Agreement.

Section 2.30. The definition of "Subsidiary Guarantors" contained in Schedule B to the Original Note Purchase Agreement shall be and is hereby amended by deleting the words "Section 9.6(c)" and replacing them with the words "Section 9.6(b)" after the words "delivered pursuant to" in the proviso at the end of said definition.

Section 2.31. Schedule B to the Original Note Purchase Agreement shall be and is hereby amended by adding the following definitions in the proper alphabetical order:

"Bank Lenders" shall mean the from time to time lenders party to the Bank Credit Agreement.

"Collateral" shall mean, collectively, all property of the Company, any Restricted Subsidiaries or any other Person in which the Collateral Agent is granted a Lien under any Security Document as security for all or any portion of the obligations arising under or in connection with this Agreement, the Notes, the Subsidiary Guaranty Agreement or the Bank Credit Agreement.

"Collateral Agent" is defined in Section 2.3.

"Consolidated Current Assets" shall mean, as of any date of determination, the total assets of the Company and its Restricted Subsidiaries that would be shown as current assets under the headings "cash," "accounts receivable" and "short-term investments" on a balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP at such time; *provided* that, in determining such current assets, accounts receivable shall be valued at their face value less reserves or accruals for uncollectible accounts determined to be sufficient in accordance with GAAP.

"Consolidated Current Liabilities" shall mean, as of any date of determination, the total liabilities of the Company and its Restricted Subsidiaries that would be shown as current liabilities on a balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP at such time, but in any event including, without limitation, as current liabilities, Current Maturities of Funded Debt.

"*Consolidated Secured Senior Debt*" shall mean, as of any date of determination, the total of all Senior Debt of the Company and its Restricted Subsidiaries outstanding on such date that is secured by the Security Documents.

"Current Maturities of Funded Debt" shall mean, as of any date of determination and with respect to any item of Funded Debt, the portion of such Funded Debt outstanding at such time which by the terms of such Funded Debt or the terms of any instrument or agreement relating thereto is due on demand or within one year from such time (whether by sinking fund, other required prepayment or final payment at maturity) and is not directly or

indirectly renewable, extendible or refundable at the option of the obligor under an agreement or firm commitment in effect at such time to a date one year or more from such time.

"*Distribution*" shall mean, in respect of any Person:

(a) dividends or other distributions or payments on capital stock or other equity interest of such Person (except distributions in such stock or other equity interest); and

(b) the redemption or acquisition of capital stock or other equity interest or of warrants, rights or other options to purchase such stock or other equity interests (except when solely in exchange for such stock or other equity interests) unless made contemporaneously from the Net Cash Proceeds of a sale of such stock or other equity interests.

"domestic" shall mean, with respect to (a) any Person (other than an individual), a Person organized, incorporated or otherwise formed under the laws of, or having its chief executive office in, the United States of America, one of its States, districts or possessions, (b) any real property or tangible personal property, any property located within the United States of America, one of its States, districts or possessions, and (c) any intangible personal property, any property of a Person described in clause (a) hereof.

"*Domestic Assets Coverage Ratio*" shall mean, as of any date of determination thereof, the ratio of (a) Total Domestic Assets to (b) Consolidated Secured Senior Debt, in each case, as of the end of the most recently completed fiscal quarter.

"Funded Debt" shall mean, with respect to any Person, all Debt of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, one year or more from, or is directly or indirectly renewable or extendible at the option of the obligor in respect thereof to a date one year or more (including, without limitation, an option of such obligor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from, the date of the creation thereof.

"Investment Grade Rating" shall mean a private letter rating in respect of each series of the Notes then outstanding equal to or higher than (a) "BBB-" by Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc. or (b) "Baa3" by Moody's Investor Services, Inc.

"Net Cash Proceeds" shall mean, with respect to any sale, transfer or other disposition of any domestic asset (herein, an "*Asset Sale*") by the Company or any Restricted Subsidiary (including the sale, transfer or other disposition of the headquarters facility of the Company located in Englewood, Colorado), the aggregate cash proceeds (including cash proceeds received by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by the Company or any Restricted Subsidiary pursuant to such Asset Sale, net of (a) the direct costs relating to such Asset Sale (including sales commissions and legal, accounting and investment banking fees), (b) taxes paid or reasonably estimated by the Company to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements to the extent arising in connection with or related to the disposed assets) and (c) in the case of the sale, transfer or other disposition of the headquarters facility of the Company located in Englewood, Colorado, payments required to be made as a result of the termination of the Swap Contract that was existing on August 12, 2003 and was originally entered into by the Company in connection with the financing of such headquarters facility.

"Permitted Payments" is defined in Section 10.13.

"Ratable Portion" for any Note shall mean an amount equal to the product of (a) the Net Cash Proceeds of any sale, transfer or other disposition of assets of the Company or any Restricted Subsidiary pursuant to Section 10.7(c) multiplied by (b) a fraction, the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate outstanding principal amount of all Senior Debt secured by the Security Documents.

"Restricted Payments" shall mean:

(a) any Distribution in respect of the Company or any Restricted Subsidiary (other than on account of capital stock or other equity interests of a Restricted Subsidiary of the Company owned legally and beneficially by the Company or a Wholly-Owned Restricted Subsidiary), including, without limitation, any Distribution resulting in the acquisition by the Company of Securities that would constitute treasury stock; and

(b) any payment, repayment, redemption, retirement, repurchase or other acquisition, direct or indirect, by the Company or any Restricted Subsidiary of, on account of, or in respect of, the principal of any Subordinated Debt.

For purposes of this Agreement, the amount of any Restricted Payment made in property shall be the greater of (1) the Fair Market Value of such property (as determined in good faith by the Board of Directors of the Company) and (2) the net book value thereof on the books of the Person making such Restricted Payment, in each case determined as of the date such Restricted Payment is made.

"*Sale of Assets Prepayment Date*" is defined in Section 8.7(a).

"*Sale of Assets Prepayment Event*" is defined in Section 8.7(a).

"*Security Documents*" shall mean each security agreement, pledge agreement, account control agreement, mortgage and other agreements, documents and instruments relating to, arising out of, or in any way connected with any of the foregoing documents or granting to the Collateral Agent, for the benefit of the holders of Notes and the Bank Lenders, Liens to secure, *inter alia*, this Agreement, the Subsidiary Guaranty Agreement and the Notes, whether now or hereafter executed and/or filed, each as the same may be amended from time to time hereafter in accordance with the terms hereof.

"Total Domestic Assets" shall mean, as of any date of determination, all domestic cash, all domestic cash equivalents and all domestic accounts receivable of the Company and its Restricted Subsidiaries at such time subject to the perfected, first priority security interest of the Security Documents; *provided* that, in determining "Total Domestic Assets," domestic accounts receivable shall be valued at their face value less reserves or accruals for uncollectible accounts determined to be sufficient in accordance with GAAP at such time.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Section 3.1. In order to induce the Noteholders to execute and deliver this Second Amendment (which representations shall survive the execution and delivery of this Second Amendment), the Company represents and warrants to the Noteholders that:

(a) this Second Amendment and the Amended and Restated Notes have been duly authorized, executed and delivered by it and this Second Amendment and the Amended and Restated Notes constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Original Note Purchase Agreement, as amended by this Second Amendment, constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution, delivery and performance by the Company of this Second Amendment and the Amended and Restated Notes and performance by the Company of the terms of the Original Note Purchase Agreement, as amended by this Second Amendment, and the Amended and Restated Notes (1) have been duly authorized by all requisite corporate action and, if required, shareholder action, (2) do not require the consent or approval of any governmental or regulatory body or agency, and (3) will not (i) violate (A) any provision of law, statute, rule or regulation or its organizational documents, (B) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (C) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (ii) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (3)(i)(C) of this Section 3.1(c);

(d) as of the date hereof and after giving effect to this Second Amendment, no Default or Event of Default has occurred which is continuing; and

(e) except as disclosed on Schedule 3.1 to this Second Amendment, each of the representations and warranties contained in Section 5 of the Original Note Purchase Agreement (other than those contained in Sections 5.3 and 5.5) are true and correct in all material respects with the same force and effect as if made by the Company on and as of the date hereof: *provided* that, any representation or warranty that, by its terms speaks as of another specified date shall be made as of such specified date.

SECTION 4 CONDITIONS TO EFFECTIVENESS OF THIS SECOND AMENDMENT.

Section 4.1. Upon satisfaction of each and every one of the following conditions, this Second Amendment shall become effective as of August 13, 2003 (the *"Effective Date"*):

(a) counterparts of this Second Amendment, duly executed by the Company and the Noteholders, shall have been delivered to the Noteholders;

(b) the Amended and Restated Notes, duly executed by the Company, shall have been delivered to the appropriate Noteholders;

(c) each Subsidiary Guarantor shall have duly executed the reaffirmation of Guaranty attached hereto;

(d) the representations and warranties of the Company set forth in Section 3.1 hereof are true and correct on and with respect to the date hereof;

(e) the Company shall have delivered to each Noteholder an Officer's Certificate, dated the Effective Date, certifying that the conditions specified in Section 4.1(d) hereof have been fulfilled;

(f) the Company shall have delivered to each Noteholder a certificate certifying as to the resolutions attached thereto and other proceedings relating to the authorization, execution and delivery of this Second Amendment, the Amended and Restated Notes, the Intercreditor Agreement, and the Security Documents;

(g) each holder of a Note shall have received evidence satisfactory to it that the Credit Agreement dated as of October 29, 2002 among the Company, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, has been amended in substantially the same manner as the Note Purchase Agreement has been amended by this Second Amendment and otherwise in form and substance reasonably satisfactory to the holders of Notes;

(h) each Noteholder shall have received, by payment in immediately available funds to the account of such Noteholder set forth in Schedule A to the Note Purchase Agreement the amount set forth opposite such Noteholder's name in Schedule 1 attached hereto; and

(i) the Company shall have paid the fees and expenses of Schiff Hardin & Waite, special counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this Second Amendment.

SECTION 5 MISCELLANEOUS.

Section 5.1. This Second Amendment shall be construed in connection with and as part of the Original Note Purchase Agreement, and except as modified and expressly amended by this Second Amendment, all terms, conditions and covenants contained in the Original Note Purchase Agreement and the Notes are hereby ratified and shall be and remain in full force and effect.

Section 5.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Second Amendment may refer to the Original Note Purchase Agreement or the Notes without making specific reference to this Second Amendment but nevertheless all such references shall include this Second Amendment unless the context otherwise requires.

Section 5.3. The descriptive headings of the various Sections or parts of this Second Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 5.4. This Second Amendment shall be governed by and construed in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

[Signature Page Follows]

The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Second Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

TELETECH HOLDINGS, INC.

By _____

Name:
Title:

The foregoing is hereby agreed to as of the date first written above.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By _____

Name:
Title:

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By _____

Name:
Title:

THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC.

By _____

Name:
Title:

FORT DEARBORN LIFE INSURANCE COMPANY

By: Guardian Investor Services LLC

By _____

Name:
Title:

NATIONWIDE LIFE INSURANCE COMPANY

By _____

Name:
Title:

NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

By _____

Name:
Title:

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: CIGNA Investments, Inc.

By _____

Name:
Title:

LIFE INSURANCE COMPANY OF NORTH AMERICA

By: CIGNA Investments, Inc.

By _____

Name:
Title:

Each undersigned Subsidiary Guarantor hereby (i) consents, acknowledges and agrees to the foregoing Waiver and Second Amendment to Note Purchase Agreement, (ii) reaffirms its obligations under the Subsidiary Guaranty Agreement dated as of November 1, 2001 given in favor of each Noteholder and its respective successors and assigns, (iii) confirms that such Subsidiary Guaranty Agreement remains in full force and effect after giving effect to such Waiver and Second Amendment and (iv) represents and warrants that there is no defense, counterclaim or offset of any type or nature under such Subsidiary Guaranty Agreement.

TELETECH FINANCIAL SERVICES MANAGEMENT, LLC

By _____

Name:
Title:

TELETECH CUSTOMER CARE MANAGEMENT (PENNSYLVANIA), LLC

By _____

Name:
Title:

TTEC NEVADA, INC.
TELETECH CUSTOMER SERVICES, INC.

By _____

Name:
Title:

NEWGEN RESULTS CORP.
CARABUNGA.COM, INC.

By _____

Name:
Title:

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT (COLORADO), INC.
TELETECH FACILITIES MANAGEMENT (PARCEL CUSTOMER SUPPORT), INC.
TELETECH FACILITIES MANAGEMENT (POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT (CALIFORNIA), INC.

TELETECH CUSTOMER CARE MANAGEMENT (TELECOMMUNICATIONS), INC.
TELETECH CUSTOMER CARE MANAGEMENT, INC.
TELETECH CUSTOMER CARE MANAGEMENT (WEST VIRGINIA), INC.

By _____

Name:
Title:

Fee Schedule

The Northwestern Mutual Life Insurance Company	$	67,500
Connecticut General Life Insurance Company	$	7,500
Connecticut General Life Insurance Company	$	7,500
Connecticut General Life Insurance Company	$	7,500
Connecticut General Life Insurance Company	$	7,500
Connecticut General Life Insurance Company	$	7,500
Connecticut General Life Insurance Company	$	2,500
Connecticut General Life Insurance Company	$	2,500
Life Insurance Company of North America	$	7,500
The Guardian Life Insurance Company of America	$	12,500
The Guardian Life Insurance Company of America	$	12,500
The Guardian Life Insurance Company of America	$	12,500
The Guardian Insurance & Annuity Company, Inc.	$	3,750
Fort Dearborn Life Insurance Company	$	2,500
Fort Dearborn Life Insurance Company	$	1,250
Nationwide Life Insurance Company	$	17,500
Nationwide Life and Annuity Insurance Company	$	7,500
Total:	$	187,500

Modifications to Representations

The following schedules to the Note Purchase Agreement are modified as indicated below for the purpose of the representation contained in Section 3.1(e) of this Waiver and Second Amendment:

SCHEDULE 5.4: SUBSIDIARIES OF THE COMPANY AND OWNERSHIP OF SUBSIDIARY STOCK, OFFICERS AND DIRECTORS

Is replaced in its entirety by the attached list.

SCHEDULE 5.8: CERTAIN LITIGATION

Schedule 5.8 of the Original Note Purchase Agreement shall be deemed to include all matters referred to in Section 5.8 of the Original Note Purchase Agreement that have been disclosed in, or incorporated by reference to, any Annual Report on Form 10-K or Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission ("SEC") since October 30, 2001, and the following matters:

Alejandro Daniel Guelman v. TeleTech Holdings, Inc., TeleTech Argentina S.A. and Connect S.A.

On or about March 27, 2003 Alejandro Daniel Guelman sued the Company alleging that the Company violated Argentinean labor and employment laws and breached a contract with him in connection with his departure from the Company. He is claiming damages in the amount of approximately $2,200,000.00. The Company is in the process of investigating the merits of these claims and filing an answer to the lawsuit. At this time, the Company is unable to evaluate the probability of a favorable or an unfavorable outcome.

Potential Sales or Use Tax Liabilities

The Company is in the process of determining whether it may incur sales or use tax liability in several States. Three States have also commenced audits of the Company's records to determine if any sales or use taxes are owed to those States. Additionally, the Company has entered into two voluntary disclosure agreements with another State under which the Company has agreed to pay unpaid sales or use tax liabilities from April 1, 1999 through June 30, 2003. Due to the fact that the Company has not developed sufficient information at this time to determine whether and to what extent the Company may face any sales or use tax liability in any particular State, the Company is unable to evaluate the possibility of a favorable or unfavorable outcome in this matter.

SECTION 5.10 of the Original Note Purchase Agreement shall be deemed (1) to refer to the balance sheet contained in the Company's Form 10-Q for the quarter ended March 31, 2003 and (2) to be amended to reflect the fact that the process of recording title to the Company's headquarters facility is not yet complete.

SCHEDULE 5.15:EXISTING DEBT

Is amended and restated in its entirety to reflect the following, as of June 30, 2003:

Description	Amount ($ Thousands)
7.00% Senior Notes, Series A	$ 60,000
7.40% Senior Notes, Series B	15,000
Outstanding balance, Credit Agreement	39,000
Capital Leases	2,047
Other long-term debt	1,705
	$ 117,752

Liens

Ameritech Credit Corp.	Cisco Smartnet Maintenance Agreement with SBC Datacom. Lease no. 2906100-001. Filed in the State of Delaware.

In addition, Schedule 5.15 shall be deemed to include a reference to the concurrent default under, and waiver and amendment of, the Company's Revolving Credit Facility.

SCHEDULE 5.19: EXISTING INVESTMENTS

Is amended and restated in its entirety to reflect the following investments existing as of June 30, 2003

Investment	Ownership	State/Country
Percepta LLC	55%	Delaware
Proyectar-Connect	49%	Uruguay
TeleTech-Iberphone JV	50%	Spain
TeleTech—Digitex JV	50%	Spain
TeleTech CMT	75%	Spain
TeleTech Telecyl	91.5%	Spain (through TeleTech CMT)

Form of Amended and Restated Reset Rate Series A Note

TELETECH HOLDINGS, INC.

AMENDED AND RESTATED RESET RATE SENIOR SECURED NOTE,
SERIES A, DUE OCTOBER 31, 2008

No. RA-_____ _____, 20____
$_____ PPN _____

For Value Received, the undersigned, TELETECH HOLDINGS, INC. (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to , or registered assigns, the principal sum of DOLLARS on October 31, 2008, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the Series A Applicable Rate (as hereinafter defined) from the date hereof, payable semiannually, on the last day of April and October in each year, commencing on first such date next succeeding the date hereof, until the principal hereof shall have become due and payable and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (1) 2% over the then applicable Series A Applicable Rate or (2) 2% over the rate of interest publicly announced by Bank of America from time to time in New York, New York as its "reference rate." "*Series A Applicable Rate*" shall mean (i) 7.00% per annum from the date of this Note to but excluding August , 2003, (ii) 8.75% per annum for the period from and including August , 2003 to but excluding the day on which each holder of a Series A Note (as hereinafter defined) receives an Officer's Certificate (as defined in the Note Purchase Agreement referred to below) certifying that the Company has received an Investment Grade Rating (as defined in the Note Purchase Agreement referred to below) and (iii) thereafter, 7.00% per annum.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of the Amended and Restated Reset Rate Senior Secured Notes, Series A (the *"Series A Notes"*) issued pursuant to the Waiver and Second Amendment dated as of August 1, 2003 (the *"Second Amendment"*) to Note Purchase Agreement, dated as of October 1, 2001 (as amended to the date hereof and as further amended from time to time, the *"Note Purchase Agreement"*), between the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may

treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price, including any applicable Make-Whole Amount, and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

TELETECH HOLDINGS, INC.

By _____

Name:
Title:

Form of Amended and Restated Reset Rate Series B Note

TELETECH HOLDINGS, INC.

AMENDED AND RESTATED RESET RATE SENIOR SECURED NOTE,
SERIES B, DUE OCTOBER 31, 2011

No. RB-_____ _____, 20____
$_____ PPN _____

For Value Received, the undersigned, TELETECH HOLDINGS, INC. (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to , or registered assigns, the principal sum of DOLLARS on October 31, 2011, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the Series B Applicable Rate (as hereinafter defined) from the date hereof, payable semiannually, on the last day of April and October in each year, commencing on first such date next succeeding the date hereof, until the principal hereof shall have become due and payable and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (1) 2% over the then applicable Series B Applicable Rate or (2) 2% over the rate of interest publicly announced by Bank of America from time to time in New York, New York as its "reference rate." "*Series B Applicable Rate*" shall mean (i) 7.40% per annum from the date of this Note to but excluding August , 2003, (ii) 9.15% per annum for the period from and including August , 2003 to but excluding the day on which each holder of a Series B Note (as hereinafter defined) receives an Officer's Certificate (as defined in the Note Purchase Agreement referred to below) certifying that the Company has received an Investment Grade Rating (as defined in the Note Purchase Agreement referred to below) and (iii) thereafter, 7.40% per annum.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of the Amended and Restated Reset Rate Senior Secured Notes, Series B (the *"Series B Notes"*) issued pursuant to the Waiver and Second Amendment dated as of August 1, 2003 (the *"Second Amendment"*) to Note Purchase Agreement, dated as of October 1, 2001 (as amended to the date hereof and as further amended from time to time, the *"Note Purchase Agreement"*), between the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price, including any applicable Make-Whole Amount, and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

TELETECH HOLDINGS, INC.

By _____

Name:
Title:

Exhibit 10.3

TELETECH HOLDINGS, INC.

THIRD AMENDMENT
Dated as of September 30, 2003

to

NOTE PURCHASE AGREEMENT
Dated as of October 1, 2001

Re: $60,000,000 Amended and Restated Reset Rate Senior Secured Notes, Series A, due October 31, 2008
$15,000,000 Amended and Restated Reset Rate Senior Secured Notes, Series B, due October 31, 2011

Third Amendment to Note Purchase Agreement

THIS THIRD AMENDMENT dated as of September 30, 2003 (the or this "*Third Amendment*") to that certain Note Purchase Agreement dated as of October 1, 2001 is between TELETECH HOLDINGS, INC., a Delaware corporation (the "*Company*"), and each of the institutional investors listed on the signature pages hereto (collectively, the "*Noteholders*").

RECITALS:

A. The Company and each of the Noteholders have heretofore entered into that certain Note Purchase Agreement dated as of October 1, 2001, as amended by that certain First Amendment to Note Purchase Agreement dated as of February 1, 2003, and that certain Waiver and Second Amendment dated as of August 1, 2003 (as amended, the *"Original Note Purchase Agreement*"). The Company has heretofore issued (i) $60,000,000 aggregate principal amount of its 7.00% Senior Notes, Series A, due October 31, 2008 (the *"Original Series A Notes"*) and (ii) $15,000,000 aggregate principal amount of its 7.40% Senior Notes, Series B, due October 31, 2011 (the "*Original Series B Notes*"; said Original Series B Notes together with the Original Series A Notes are hereinafter collectively referred to as the *"Original Notes"*) pursuant to the Original Note Purchase Agreement.

B. Pursuant to the Waiver and Second Amendment to Note Purchase Agreement dated as of August 1, 2003, the Company and the Noteholders have heretofore amended and restated (i) the Original Series A Notes as the $60,000,000 aggregate principal amount of its Amended and Restated Reset Rate Senior Secured Notes, Series A, due October 31, 2008 and (ii) the Original Series B Notes as the $15,000,000 aggregate principal amount of its Amended and Restated Reset Rate Senior Secured Notes, Series B, due October 31, 2011 (the Original Notes as so amended are referred to herein as the *"Notes"*). The Noteholders are the holders of 100% of the outstanding principal amount of the Notes.

C. The Company and the Noteholders now desire to amend the Original Note Purchase Agreement in the respects, but only in the respects, hereinafter set forth.

D. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Original Note Purchase Agreement unless herein defined or the context shall otherwise require.

E. All requirements of law have been fully complied with and all other acts and things necessary to make this Third Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this Third Amendment set forth in Section 3 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and the Noteholders do hereby agree as follows:

SECTION 1 AMENDMENTS.

Section 1.1. Section 9.7 of the Original Note Purchase Agreement shall be and is hereby amended by deleting each reference to "September 30, 2003" contained therein and inserting "October 10, 2003" in lieu thereof.

Section 1.2. Section 10 of the Original Note Purchase Agreement shall be and is hereby amended by inserting the following new Section at the end thereof:

"*Section 10.15. Swap Obligations.* The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any SWAP Contracts other than those which create Permitted SWAP Obligations."

Section 1.3. Section 11(c) of the Original Note Purchase Agreement shall be and is hereby amended by deleting the words "through Section 10.14, inclusive" where they appear therein, and inserting "through Section 10.15, inclusive" therefor in the last line of said Section 11(c).

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Section 2.1. In order to induce the Noteholders to execute and deliver this Third Amendment (which representations shall survive the execution and delivery of this Third Amendment), the Company represents and warrants to the Noteholders that:

(a) this Third Amendment has been duly authorized, executed and delivered by it and this Third Amendment constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Original Note Purchase Agreement, as amended by this Third Amendment, constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution, delivery and performance by the Company of this Third Amendment and performance by the Company of the terms of the Original Note Purchase Agreement, as amended by this Third Amendment, (1) have been duly authorized by all requisite corporate action and, if required, shareholder action, (2) do not require the consent or approval of any governmental or regulatory body or agency, and (3) will not (i) violate (A) any provision of law, statute, rule or regulation or its organizational documents, (B) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (C) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (ii) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (3)(i)(C) of this Section 2.1(c); and

(d) as of the date hereof and after giving effect to this Third Amendment, no Default or Event of Default has occurred which is continuing.

SECTION 3 CONDITIONS TO EFFECTIVENESS OF THIS THIRD AMENDMENT.

Section 3.1. Upon satisfaction of each and every one of the following conditions, this Third Amendment shall become effective as of September 30, 2003 (the *"Effective Date"*):

(a) counterparts of this Third Amendment, duly executed by the Company and the Required Holders, shall have been delivered to the Noteholders;

(b) each Subsidiary Guarantor shall have duly executed the reaffirmation of Guaranty attached hereto;

(c) the representations and warranties of the Company set forth in Section 2.1 hereof are true and correct on and with respect to the date hereof; and

(d) the Company shall have paid the fees and expenses of Schiff Hardin & Waite, special counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this Third Amendment.

SECTION 4 MISCELLANEOUS.

Section 4.1. This Third Amendment shall be construed in connection with and as part of the Original Note Purchase Agreement, and except as modified and expressly amended by this Third Amendment, all terms, conditions and covenants contained in the Original Note Purchase Agreement and the Notes are hereby ratified and shall be and remain in full force and effect.

Section 4.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Third Amendment may refer to the Original Note Purchase Agreement or the Notes without making specific reference to this Third Amendment but nevertheless all such references shall include this Third Amendment unless the context otherwise requires.

Section 4.3. The descriptive headings of the various Sections or parts of this Third Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 4.4. This Third Amendment shall be governed by and construed in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

[SIGNATURE PAGE FOLLOWS]

The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Third Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

TELETECH HOLDINGS, INC.

By _____

Name:
Title:

The foregoing is hereby agreed to as of the date first

written above.

(36.00%)

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By _____

Name:
Title:

(20.00%)

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By _____

Name:
Title:

(2.00%)

THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC.

By _____

Name:
Title:

(2.00%)

FORT DEARBORN LIFE INSURANCE COMPANY

By: Guardian Investor Services LLC

By _____

Name:
Title:

(9.33%)

NATIONWIDE LIFE INSURANCE COMPANY

By _____

Name:
Title:

(4.00%)

NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

By _____

Name:
Title:

(22.67%)

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: CIGNA Investments, Inc.

By _____

Name:
Title:

(4.00%)

LIFE INSURANCE COMPANY OF NORTH AMERICA

By: CIGNA Investments, Inc.

By _____

Name:
Title:

Each undersigned Subsidiary Guarantor hereby (i) consents, acknowledges and agrees to the foregoing Third Amendment to Note Purchase Agreement, (ii) reaffirms its obligations under the Subsidiary Guaranty Agreement dated as of October 1, 2001 given in favor of each Noteholder and its respective successors and assigns, (iii) confirms that such Subsidiary Guaranty Agreement remains in full force and effect after giving effect to such Third Amendment and (iv) represents and warrants that there is no defense, counterclaim or offset of any type or nature under such Subsidiary Guaranty Agreement.

TELETECH FINANCIAL SERVICES MANAGEMENT, LLC

By _____

Name:
Title:

TELETECH CUSTOMER CARE MANAGEMENT
(PENNSYLVANIA), LLC

By _____

Name:
Title:

TTEC NEVADA, INC.
TELETECH CUSTOMER SERVICES, INC.

By _____

Name:
Title:

NEWGEN RESULTS CORP.
CARABUNGA.COM, INC.

By _____

Name:
Title:

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT
(COLORADO), INC.
TELETECH FACILITIES MANAGEMENT (POSTAL
CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT
(CALIFORNIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT
(TELECOMMUNICATIONS), INC.

By _____

Name:
Title:

TELETECH CUSTOMER CARE MANAGEMENT
(TEXAS), INC.

By _____

Name:
Title:

TELETECH INTERNATIONAL HOLDINGS, INC.

By _____

Name:
Title:

TELETECH SOUTH AMERICA HOLDINGS, INC.

By _____

Name:
Title:

T-TEC LABS, INC.

By _____

Name:
Title:

QuickLinks

Exhibit 10.4

FIRST AMENDMENT AND WAIVER

THIS FIRST AMENDMENT AND WAIVER dated as of February 10, 2003 (this "*Amendment*") is executed in connection with the Credit Agreement dated as of October 29, 2002 (the "*Credit Agreement*") among TeleTech Holdings, Inc. (the "*Company*"), various financial institutions (the "*Lenders*") and Bank of America, N.A., as administrative agent (in such capacity, the "*Administrative Agent*"). Capitalized terms defined in the Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used herein as defined therein.

WHEREAS, the parties hereto desire to amend and/or waive certain provisions of the Credit Agreement as more fully set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 *Amendments*. Subject to the satisfaction of the applicable conditions precedent set forth in *Section 4*, the Credit Agreement shall be amended as set forth below.

1.1 *Definition of Consolidated EBITDAR.* The definition of "Consolidated EBITDAR" shall be amended in its entirety to read as follows:

> "*Consolidated EBITDAR*" means, for any period, Consolidated Net Income for such period *plus* (a) to the extent deducted in calculating such Consolidated Net Income (but without duplication) (i) Consolidated Interest Charges, (ii) all accrued taxes on or measured by income, (iii) all amounts treated as expenses for depreciation and the amortization of intangibles of any kind, (iv) all non-cash charges resulting from the expensing of stock options by the Company or any Subsidiary, (v) all non-cash charges resulting from the application of SFAS 142, (vi) all non-cash, non-recurring impairment charges (but not more than $35,000,000) incurred in the fiscal quarter ended December 31, 2002 resulting from the application of SFAS 144, (vii) Rental Expense and (viii) interest payments made in respect of Synthetic Lease Obligations *plus/minus* (b) to the extent included in calculating such Consolidated Net Income, all non-cash, non-recurring losses/gains resulting directly from or incurred directly as a consequence of the sale or closure of any operating facility by the Borrower or any Subsidiary.

1.2 *Prepayment Limitations.* Section 7.11 shall be amended by adding a semi-colon followed by the following language immediately before the period at the end thereof:

> *provided* that, so long as no Default exists or would result therefrom (other than a Default arising under *Section 8.01(e)* solely as a result of a breach of Section 9.2(b) or 9.2(c) of the Participation Agreement referred to below for the fiscal quarter ended December 31, 2002), the Company and Teletech Services Corporation ("*TSC*") may prepay all (but not less than all) of their respective obligations under the Participation Agreement dated as of December 27, 2000 among TSC, the Company, State Street Bank and Trust Company of Connecticut, National Association, as Certificate Trustee, various financial institutions and Wells Fargo Bank Northwest, N. A., as Administrative Agent, and under the "Operative Documents" referred to in such Participation Agreement.

SECTION 2 *Waiver*. Subject to the satisfaction of the conditions precedent set forth in *Section 4(b)*, the Required Lenders waive any Default arising from the failure of the Company to comply with Section 7.10(b) (Minimum Fixed Charge Coverage Covenant) of the Credit Agreement for the Computation Period ending December 31, 2002.

SECTION 3 *Representations and Warranties*. The Company represents and warrants to the Administrative Agent and the Lenders that, after giving effect to the effectiveness of the amendment set forth in *Section 1* above or the effectiveness of any waiver set forth in *Section 2* above with respect to the Computation Period ending December 31, 2002, (a) each warranty set forth in Article 5 of the Credit Agreement is true and correct as of the date of the execution and delivery of this Amendment by the Company, with the same effect as if made on such date, and (b) no Default exists.

SECTION 4 *Effectiveness*.

(a) The amendment set forth in *Section 1.1* shall become effective on the date on which the Administrative Agent has received (i) counterparts of this Amendment executed by the Company and the Required Lenders, (ii) amendments, consistent with the amendment set forth in *Section 1.1* and otherwise in form and substance reasonably acceptable to the Administrative Agent, executed by (x) the requisite holders of the Senior Notes, (y) the requisite lenders and certificate holders under the agreements governing the existing Synthetic Lease of property in Englewood, Colorado (the "*Colorado Synthetic Lease*"), except that no such amendment shall be required if all obligations of the Borrower and its Subsidiaries in respect of the Colorado Synthetic Lease have been (or concurrently with the effectiveness hereof will be) paid, and (z) the requisite purchasers/lenders in respect of any other Indebtedness having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount (the Indebtedness and other obligations described in *clauses (x), (y)* and *(z)*, collectively, "*Material Debt*") and (iii) a Confirmation, substantially in the form of *Exhibit A*, signed by each Guarantor.

(b) If the amendment set forth in *Section 1* has not yet become effective, then the waiver set forth in *Section 2* shall become effective on the date on which the Administrative Agent has received (i) counterparts of this Amendment executed by the Company and the Required Lenders, (ii) a copy of an amendment meeting the requirements of *Section 4(a)(ii)(x)* or of a waiver consistent with the waiver set forth in *Section 2* signed by the requisite holders of the Senior Notes, (iii) a copy of a written waiver signed by the requisite lenders and certificate holders under the agreements governing the Colorado Synthetic Lease waiving the provisions of Sections 9.2(b) and 9.2(c) of the Participation Agreement related to the Colorado Synthetic Lease for any fiscal quarter ending on or prior to December 31, 2002, (iii) copies of written amendments meeting the requirements of *Section 4(a)(ii)(z)* and/or of written waivers consistent with *Section 2* signed by the requisite purchasers/lenders in respect of all other Material Debt and (iv) a Confirmation, substantially in the form of *Exhibit A*, signed by each Guarantor and dated as of the latest date of such waivers.

(c) The amendment set forth in Section 1.2 shall become effective on the date on which the amendment set forth in Section 1, or the waiver set forth in Section 2, has become effective (whichever occurs first).

SECTION 5 *Miscellaneous*.

5.1 *Continuing Effectiveness, etc.* As herein amended, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to "Credit Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

5.2 *Counterparts.* This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment.

5.3 *Governing Law.* This Amendment shall be a contract made under and governed by the laws of the State of New York applicable to contracts made and to be performed entirely within such state.

5.4 *Successors and Assigns.* This Amendment shall be binding upon the Company, the Lenders and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of the Company, the Lenders and the Administrative Agent and the respective successors and assigns of the Lenders and the Administrative Agent.

Delivered as of the day and year first above written.

TELETECH HOLDINGS, INC.

By _____
Name _____
Title _____

BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT

By _____
Name _____
Title _____

BANK OF AMERICA, N.A., AS A LENDER

By _____
Name _____
Title _____

CIBC INC.

By _____
Name _____
Title _____

THE NORTHERN TRUST COMPANY

By _____
Name _____
Title _____

WACHOVIA BANK, NATIONAL ASSOCIATION

By _____
Name _____
Title _____

KEY CORPORATE CAPITAL, INC.

By _____
Name _____
Title _____

EXHIBIT A
CONFIRMATION
Dated as of February 10, 2003

To: Bank of America, N.A., individually and as Administrative Agent, and the other financial institutions party to the Credit Agreement referred to below

Please refer to (a) the Credit Agreement dated as of October 29, 2002 (the "*Credit Agreement*") among TeleTech Holdings, Inc., various financial institutions (the "*Lenders*") and Bank of America, N.A., as administrative agent (in such capacity, the "*Administrative Agent*"); (b) the Guaranty as defined in the Credit Agreement; and (c) the Amendment and Waiver dated as of February 10, 2003 (the "*Amendment*").

Each of the undersigned hereby confirms to the Administrative Agent and the Lenders on the date hereof that, after giving effect to the Amendment and the transactions contemplated thereby, the Guaranty continues in full force and effect and is the legal, valid and binding obligation of such undersigned, enforceable against such undersigned in accordance with its terms.

TELETECH HOLDINGS, INC.
TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT (COLORADO), INC.
TELETECH FACILITIES MANAGEMENT (PARCEL CUSTOMER SUPPORT), INC.
TELETECH FACILITIES MANAGEMENT (POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT (TELECOMMUNICATIONS), INC.
TELETECH CUSTOMER CARE MANAGEMENT (CALIFORNIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (WEST VIRGINIA) INC.
TELETECH CUSTOMER CARE MANAGEMENT (PENNSYLVANIA), LLC

By: _____
Name Printed: _____
Title: _____

NEWGEN RESULTS CORPORATION

By: _____
Name Printed: _____
Title: _____

TELETECH CUSTOMER SERVICES, INC.
TTEC NEVADA, INC.

By: _____
Name Printed: _____
Title: _____

Exhibit 10.5

SECOND AMENDMENT

THIS SECOND AMENDMENT dated as of June 30, 2003 (this "*Amendment*") is executed in connection with the Credit Agreement dated as of October 29, 2002 (as previously amended, the "*Credit Agreement*") among TeleTech Holdings, Inc. (the "*Borrower*"), various financial institutions (the "*Lenders*") and Bank of America, N.A., as administrative agent (in such capacity, the "*Administrative Agent*"). Capitalized terms defined in the Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used herein as defined therein.

WHEREAS, the parties hereto desire to amend certain provisions of the Credit Agreement as more fully set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 *Amendments*. Subject to the satisfaction of the conditions precedent set forth in *Section 3*, the Credit Agreement is amended as set forth below.

1.1 *Amendments to Section 1.01*.

(i) The definition of "Consolidated EBITDAR" is amended in its entirety to read as follows:

"*Consolidated EBITDAR*" means, for any period, Consolidated Net Income for such period *plus* (a) to the extent deducted in calculating such Consolidated Net Income (but without duplication) (i) Consolidated Interest Charges, (ii) all income tax expense, (iii) all amounts treated as expenses for depreciation and the amortization of intangibles of any kind, (iv) all non-cash charges resulting from the expensing of stock options by the Borrower or any Subsidiary, (v) all non-cash, non-recurring impairment charges (not to exceed $35,000,000) incurred during the Fiscal Quarter ended December 31, 2002 resulting from the application of SFAS 144, (vi) Rental Expense, (vii) interest payments made in respect of Synthetic Lease Obligations and (viii) all non-cash, non-recurring impairment charges incurred during such period resulting from the application of SFAS 144 or SFAS 146, not to exceed (A) the first $15,000,000 in Fiscal Year 2003, (B) the first $10,000,000 in Fiscal Year 2004 and (C) the first $6,000,000 in Fiscal Year 2005 plus/minus (b) to the extent included in calculating such Consolidated Net Income (and without duplication with any item described above), all non-cash, non-recurring losses/gains during such period resulting directly from or incurred directly as a consequence of the sale or closure of any operating facility by the Borrower or any Subsidiary plus (c) to the extent included in calculating such Consolidated Net Income (and without duplication with any item described above), any increase in the valuation allowance for deferred tax assets *minus* (d) to the extent included in calculating such Consolidated Net Income (and without duplication with any item described above), any decrease in the valuation allowance for deferred tax assets.

(ii) The definition of "Applicable Rate" is amended as follows:

(x) The chart set forth therein is amended in its entirety to read as follows:

Pricing Level	Leverage Ratio	Commitment Fee	Eurodollar Rate + Letters of Credit	Base Rate +
1	<1.00:1	0.250%	1.250%	0.000%
2	>1.00:1 but <2.00:1	0.300%	1.500%	0.000%
3	>2.00:1 but <2.50:1	0.350%	1.750%	0.000%
4	>2.50:1 but <3.00:1	0.400%	2.000%	0.250%
5	>3.00:1	0.500%	2.500%	0.500%

(y) The reference to "Pricing Level 4" is replaced with "Pricing Level 5".

(z) The following sentence is added at the end of the last paragraph: "Notwithstanding the foregoing, at any time that the Borrower's senior corporate unsecured debt rating (without third-party credit enhancement) is rated at least BBB- by Standard & Poor's Ratings Group or Baa3 by Moody's Investors Service, Inc., the Applicable Rate with respect to Loans and Letters of Credit shall be determined by subtracting 0.250% from the otherwise applicable rate set forth above; provided that the Applicable Rate shall not be less than zero."

(iii) The definition of Loan Documents is amended by inserting the phrase ", the Collateral Documents" after the phrase "the Fee Letter".

(iv) The following definitions are added in appropriate sequence:

"*Collateral Agent*" means Bank of America in its capacity as collateral agent under the Intercreditor Agreement, and any successor thereto in such capacity.

"*Collateral Documents*" means the Security Agreement, the Pledge Agreement, the Mortgage and all other documents pursuant to which the Borrower or any Subsidiary grants collateral to the Collateral Agent.

"*Domestic Asset Coverage Ratio*" means, at any time, the ratio, expressed as a percentage, of (a) the aggregate net book value of Domestic Assets to (b) the aggregate outstanding principal amount of Senior Domestic Debt.

"*Domestic Assets*" means all cash, marketable securities, net accounts receivable, and net property, plant and equipment of the Borrower and its Domestic Subsidiaries, other than any such asset that is (i) subject to a Lien (other than any Lien for taxes not yet due or any Lien permitted under Section 7.01(a), (c) or (f)) or (ii) located outside of the United States.

"*Intercreditor Agreement*" means the Intercreditor Agreement to be dated on or prior to September 30, 2003 among the Borrower, the Administrative Agent, the holders of the Senior Notes, various other parties and the Collateral Agent.

"*Lender Percentage*" means the percentage which (a) the sum of the Aggregate Commitments (or, after termination of the Aggregate Commitments, the Total Outstandings) is of (b) the sum of (i) the amount set forth in the foregoing clause (a) plus (ii) the aggregate outstanding principal amount of the Senior Notes.

"*Mortgage*" means the mortgage to be dated on or prior to September 30, 2003 granting the Collateral Agent a Lien on the headquarters facility of the Borrower.

"*Net Cash Proceeds*" means, with respect to any sale or other disposition of the Borrower's headquarters building, the aggregate cash proceeds (including cash proceeds received by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by the Borrower or any Subsidiary pursuant to such sale, net of (i) the direct costs relating to such sale (including sales commissions and legal, accounting and investment banking fees), (ii) taxes paid or reasonably estimated by the Borrower to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements to the extent arising in connection with or related to the disposed assets) and (iii) any payment required to be made as a result of the termination of the Swap Contract that was existing on August 12, 2003 and was originally entered into in connection with the financing of the Borrower's headquarters facility.

"*Pledge Agreement*" means the pledge agreement to be dated on or prior to September 30, 2003 among the Borrower, various Subsidiaries and the Collateral Agent.

"*Restricted Payment*" means any dividend or other distribution (whether in cash, securities or other property) with respect to, or any purchase, repurchase or redemption of, any capital stock or other equity interest of the Borrower or any Subsidiary.

"*Sale-Leaseback Transaction*" means the sale by the Borrower of its headquarters facility and the concurrent lease, as lessee, of such office by the Borrower and/or one or more Subsidiaries pursuant to a lease which (a) is treated as an operating lease for financial reporting purposes pursuant to SFAS 13, (b) has a term (or which is renewable or extendible solely at the option of the lessee for a total period) of not less than five years, (c) has covenants and defaults (other than covenants and defaults relating specifically to ownership, operation and maintenance of the headquarters facility and other covenants and defaults which are customary for lease transactions but not for credit agreements) no more restrictive than this Agreement and (d) has amortization and an imputed interest rate reasonably satisfactory to the Administrative Agent.

"*Security Agreement*" means the security agreement to be dated on or prior to September 30, 2003 among the Borrower, various Subsidiaries and the Collateral Agent.

"*SFAS 13*" means Statement of Financial Accounting Standards No. 13, "Accounting for Leases".

"*SFAS 144*" means Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

"*SFAS 146*" means Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities".

"*Specified Domestic Asset Coverage Ratio*" means (a) prior to delivery to the Administrative Agent of a Compliance Certificate pursuant to Section 6.02(b) demonstrating that the Leverage Ratio was less than 2.25 to 1.0 for the two most recent Computation Periods ending after June 30, 2004, 150% and (b) thereafter, 135%.

(iv) The definition of "Domestic Tangible Assets" is deleted in its entirety.

1.2 *Amendment to Section 2.05.* The following new clauses (c) and (d) are added to Section 2.05 in appropriate sequence:

(c) If (i) on the last day of any Fiscal Quarter or (ii) on the date of the making of any Credit Extension or of any conversion or continuation of any Revolving Loan, the Domestic Asset Coverage Ratio is less than the Specified Domestic Asset Coverage Ratio, the Borrower shall prepay Loans in an amount sufficient to cause the Domestic Asset Coverage Ratio to equal the Specified Domestic Asset Coverage Ratio.

(d) On each date on which the Aggregate Commitments are reduced pursuant to *Section 2.06*, the Borrower shall prepay Loans in the amount, if any, by which the Total Outstandings exceed the Aggregate Commitments after giving effect to such reduction (and, if all Revolving Loans and Swing Line Loans have been paid and the Total Outstandings still exceed the Aggregate Commitments, the Borrower shall provide cash collateral for the outstanding Letters of Credit in an amount equal to such excess).

1.3 *Amendment to Section 2.06.* Section 2.06 is amended in its entirety to read as follows:

2.06 Termination or Reduction of Commitments. (a) The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Commitments or from time to time permanently reduce the Aggregate Commitments; *provided* that any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, any partial reduction shall be in an aggregate amount of $5,000,000 or a higher integral multiple of $1,000,000 and the Borrower may not reduce the Aggregate Commitments to an amount less than the Total Outstandings. The Administrative Agent will promptly notify the Lenders of its receipt of any notice of termination or reduction of the Aggregate Commitments.

(b) If any principal payment (other than any regularly scheduled principal payment) of the Senior Notes (a "*Mandatory Senior Note Prepayment*") is required to be made pursuant to the Senior Note Agreement, the Aggregate Commitments shall be permanently and irrevocably reduced by the amount (rounded upward, if necessary, to an integral multiple of $100,000) necessary so that the ratio of the amount of such reduction to the Aggregate Commitments prior to giving effect to such reduction is equal to the ratio of such Mandatory Senior Note Prepayment to the aggregate outstanding principal amount of the Senior Notes prior to giving effect to such Mandatory Senior Note Prepayment.

(c) The Aggregate Commitments shall be permanently and irrevocably reduced concurrently with the receipt by the Borrower or any Subsidiary of any Net Cash Proceeds from the sale of the headquarters facility of the Borrower by an amount (rounded down, if necessary, to an integral multiple of $100,000) equal to the Lender Percentage of such Net Cash Proceeds; *provided* that the amount of any reduction in the Aggregate Commitments required pursuant to this *clause (c)* shall be reduced by the amount of any reduction of the Aggregate Commitments pursuant to *clause (b)* resulting from the sale of such headquarters facility.

(d) Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender according to its Pro Rata Share. All commitment fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

1.4 *Amendments to Section 4.02(d).* Section 4.02(d) is amended in its entirety to read as follows:

(d) After giving effect to such Credit Extension and the use of the proceeds thereof, the Domestic Asset Coverage Ratio shall not be less than the Specified Domestic Asset Coverage Ratio.

1.5 *Addition of Section 5.19.* The following Section 5.19 is added in appropriate sequence:

5.19 Tax Shelter Regulations. The Borrower does not intend to treat the Loans and/or the Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If the Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof. If the Borrower so notifies the Administrative Agent, the Borrower acknowledges that any Lender may treat its Revolving Loans and/or its interest in Swing Line Loans and/or Letters of Credit as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and such Lender will maintain the lists and other records required by such Treasury Regulation.

1.6 *Amendments to Section 6.02.* Section 6.02 is amended by (i) deleting the word "and" at the end of clause (f), (ii) redesignating clause "(g)" as clause "(h)" and (iii) inserting the following new clause (g): "(g) promptly after the Borrower has notified the Administrative Agent of any intention by the Borrower to treat the Loans and/or the Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4), a duly completed copy of IRS Form 8886 or any successor form; and".

1.7 *Amendments to Section 6.05.* Section 6.05 is amended by replacing the reference to "*Section 7.03* or *7.04*" with "*Section 7.04*".

1.8 *Amendment to Section 6.12.* Section 6.12 is restated in its entirety to read as follows:

6.12 Further Assurances. Take such actions as are necessary, or as the Administrative Agent (or the Required Lenders acting through the Administrative Agent) may reasonably request from time to time, to ensure that (a) the obligations of the Borrower hereunder and under the other Loan Documents are guaranteed at all times by Domestic Subsidiaries that, together with the Borrower, collectively (i) own assets which account for 95% or more of the consolidated assets of the Borrower and its Domestic Subsidiaries and (ii) generate revenues which account for 95% or more of the consolidated revenues of the Borrower and its Domestic Subsidiaries for the most recently ended period of four consecutive Fiscal Quarters, excluding from such calculations the assets and revenues of any Domestic Subsidiary that is a party to an agreement that restricts the ability of such Domestic Subsidiary to guarantee such obligations, so long as such agreement is not prohibited by *Section 7.08; provided* that, regardless of whether required in order to meet the 95% tests described above, each Domestic Subsidiary that has guaranteed the obligations of the Borrower in respect of the Senior Notes shall also be a party to the Guaranty; and (b) the obligations of the Borrower hereunder and of each applicable Subsidiary under the Guaranty are secured by first-priority perfected security interests in substantially all personal property (excluding stock of Foreign Subsidiaries) of such Person as soon as reasonably practicable after the effectiveness of the Second Amendment to this Agreement (but in no event later than September 30, 2003). In furtherance of *clause (b)* of the preceding sentence, the Borrower and the applicable Subsidiaries shall execute (as applicable) and deliver such security agreements, pledge agreements, financing statements and other documents, pay for filing or recording of any of the foregoing, deliver such stock certificates and other collateral with respect to which perfection is obtained solely by possession and deliver such opinions of counsel as the Collateral Agent may from time to time reasonably request.

1.9 *Addition of Section 6.13.* The following new Section 6.13 is added to the Credit Agreement in appropriate sequence:

6.13 Minimum Domestic Asset Coverage Ratio. Cause the Domestic Asset Coverage Ratio on the last day of each Fiscal Quarter to be equal to or greater than the Specified Domestic Asset Coverage Ratio.

1.10 *Amendment to Article VII.* The parenthetical clause in the first paragraph of Article VII is amended in its entirety to read as follows: "(or, in the case of *Sections 7.04* through *7.08*, *7.11*, *7.13* and *7.14*, any Subsidiary)".

1.11 *Amendment to Section 7.01.* Section 7.01 is amended by replacing the text of clause (j) with "[RESERVED]".

1.12 *Amendment to Section 7.02.* Section 7.02 is amended by:

(i) replacing the text of clause (e) with "[RESERVED]";

(ii) amending clause (g) in its entirety to read as follows:

(g) other Indebtedness of the Borrower and its Domestic Subsidiaries in an aggregate principal amount not to exceed 25% of the net book value of Domestic Assets at any time outstanding; *provided* that (i) the amount of all such other Indebtedness of Domestic Subsidiaries shall not exceed 15% of the net book value of Domestic Assets; (ii) the financial covenants and events of default (and related definitions) governing any such Indebtedness shall be no more restrictive than the financial covenants and Events of Default (and related definitions) hereunder; and (iii) no Default shall exist at the time of, or shall result from, the incurrence of such Indebtedness; and

(iii) restating the last sentence thereof to read: "Without limitation of the foregoing, (a) Indebtedness in connection with Earnouts shall only be permitted if such Indebtedness is expressly subordinated in right of payment to the Obligations pursuant to documentation satisfactory to the Administrative Agent, it being understood that such documentation may permit the Borrower and its Domestic Subsidiaries to make regularly scheduled payments of principal and interest in connection with such Indebtedness so long as no Default exists at the time of any such payment; and (b) other subordinated Indebtedness shall only be permitted with the prior written consent of the Required Lenders."

1.13 *Amendment to Section 7.03.* Section 7.03 is amended by replacing the heading and the text thereof with "[RESERVED]".

1.14 *Amendment to Section 7.04.* Section 7.04 is amended by (i) deleting clause (f) in its entirety, (ii) deleting the semi-colon and the word "and" at the end of clause (e) and substituting a period therefor and (iii) inserting the following new text at the end of clause (d): "or pursuant to the Sale-Leaseback Transaction".

1.15 *Amendment to Section 7.09.* Section 7.09 is amended by (i) deleting the word "and" at the end of clause (b), (ii) deleting the period at the end of clause (c) and substituting a semi-colon followed by the word "and" therefor and (iii) inserting the following new clause (d): "(d) the lease entered into pursuant to the Sale-Leaseback Transaction."

1.16 *Amendments to Section 7.10.* Section 7.10 is amended in its entirety to read as follows:

7.10 Financial Covenants.

(a) *Minimum Consolidated Net Worth*. Permit Consolidated Net Worth at any time to be less than the sum of (a) $235,000,000 and (b) an amount equal to 50% of Consolidated Net Income earned in each full Fiscal Quarter ending after June 30, 2003 (with no reduction for a net loss in any such Fiscal Quarter).

(b) *Minimum Fixed Charge Coverage Ratio*. Permit the Fixed Charge Coverage Ratio as of the last day of any Computation Period to be less than the applicable ratio below:

Computation Period(s) Ending	Minimum Fixed Charge Coverage Ratio
6/30/03 through 12/31/03	2.00 to 1.0
3/31/04	2.25 to 1.0
6/30/04 and thereafter	2.50 to 1.0.

(c) *Maximum Leverage Ratio*. Permit the Leverage Ratio as of the last day of any Computation Period to be greater than the applicable ratio set forth below:

Computation Periods Ending	Maximum Leverage Ratio
6/30/03 through 12/31/03	3.25 to 1.0
3/31/04 through 9/30/04	3.00 to 1.0
12/31/04 and thereafter	2.75 to 1.0.

(d) *Maximum Capital Expenditures; Acquisitions*. Permit (i) all capital expenditures by the Borrower and its Subsidiaries in any Fiscal Year (other than capital expenditures made to purchase the headquarters facility of the Borrower in Fiscal Year 2003) to exceed (x) $60,000,000 during Fiscal Year 2003 or (y) $75,000,000 during any Fiscal Year thereafter; or (ii) the consideration (including assumed Indebtedness but excluding common stock of the Borrower) paid by the Borrower and its Subsidiaries in connection with Acquisitions to exceed $25,000,000 during any Fiscal Year.

1.17 *Amendment to Section 7.12.* Section 7.12 is amended in its entirety to read as follows:

7.12 Liquidity. (a) From the date of the Second Amendment to this Agreement until the date (the "Covenant Change Date") on which the maximum Leverage Ratio for the Computation Period ending on the last day of any Fiscal Quarter (the "Test Quarter") permitted by *Section 7.10(c)* is equal to or less than 3.00 to 1.0, permit the amount of cash of the Borrower and its Domestic Subsidiaries on deposit in accounts in the United States that are not subject to any Lien (other than the Lien of the applicable depository institution for charges associated with such accounts and for repayment of dishonored items deposited to such accounts and Liens permitted by *Section 7.01(a)* or *(b)*) to be less than $40,000,000.

(b) On and after the Covenant Change Date, if the Leverage Ratio as of the last day of any Test Quarter is greater than 2.75 to 1.0, permit, as of the last day of the immediately following Fiscal Quarter (the "Following Quarter"), the amount of cash (exclusive of the net increase (if any) in the aggregate principal amount of outstanding Loans from the last day of the Test Quarter through the last day of the Following Quarter) of the Borrower and its Subsidiaries on deposit in accounts that are not subject to any Lien (other than the Lien of the applicable depository institution for charges associated with such accounts and for repayment of dishonored items deposited to such accounts and Liens permitted by *Section 7.01(a)* or *(b)*) to be less than $40,000,000 (unless the Leverage Ratio as of the last day of the Following Quarter is equal to or less than 2.75 to 1.0).

1.18 *Addition of Sections 7.13 and 7.14.* The following new Sections 7.13 and 7.14 are added to the Credit Agreement in appropriate sequence:

7.13 Investments. Make, directly or indirectly, any Investment (as defined below) in any Person in which the Borrower has, directly or indirectly, an ownership interest, except for (a) additional Investments in Joint Ventures in which the Borrower or a Subsidiary had an ownership interest on July 31, 2003; (b) Investments made by Foreign Subsidiaries in Joint Ventures or other Persons not organized under the laws of, and operating outside of, the United States, *provided* that, except as permitted by *clauses (a)* and *(c)* of this sentence, no such Investment shall be made, directly or indirectly, with the proceeds of any Investment made by the Borrower or any Domestic Subsidiary; (c) other Investments not exceeding (i) $20,000,000 in the aggregate during any Fiscal Year and (ii) $40,000,000 in the aggregate after June 30, 2003; and (d) Investments in any Subsidiary so long as the proceeds thereof are not used, directly or indirectly, to make any Investment not otherwise permitted by the preceding *clauses (a)* through *(c)*. For purposes of the foregoing, "Investment" means any loan or advance to, or any equity capital contribution to or other investment in (including any contribution of assets to), any Joint Venture or other Person.

7.14 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) any Subsidiary may make Restricted Payments to the Borrower and to wholly-owned Subsidiaries (and, in the case of a Restricted Payment by a non-wholly-owned Subsidiary, to the Borrower and any Subsidiary and to each other owner of capital stock or other equity interests of such Subsidiary on a pro rata basis based on their relative ownership interests);

(b) the Borrower or any Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common equity interests of such Person;

(c) the Borrower or any Subsidiary may purchase, redeem or otherwise acquire shares of its common stock or other common equity interests or warrants or options to acquire any such shares (i) in the ordinary course of business in connection with employee benefit plans or (ii) for an aggregate purchase price up to $1,000,000 in connection with the termination of any stock option exchange or repurchase program adopted by the Borrower after the date of the effectiveness of the Second Amendment to this Agreement relating to an employee benefit plan of the Borrower and its Subsidiaries; and

(d) the Borrower and its Subsidiaries may make other Restricted Payments in an aggregate amount not to exceed $5,000,000 during any Fiscal Year; *provided* that immediately after giving effect to any such Restricted Payment, no Default would exist.

1.19 *Amendment to Section 10.08.* Section 10.08 is amended by inserting the following sentence at the end thereof: "Notwithstanding anything herein to the contrary, "Information" shall not include, and the Administrative Agent and each Lender may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or such Lender relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the transactions contemplated hereby."

SECTION 2 *Representations and Warranties*. The Borrower represents and warrants to the Administrative Agent and the Lenders that, after giving effect to the effectiveness of the amendments set forth in *Section 1* above, (a) each warranty set forth in Article 5 of the Credit Agreement is true and correct as of the date of the execution and delivery of this Amendment by the Borrower, with the same effect as if made on such date, and (b) no Default exists.

SECTION 3 *Effectiveness*. The amendments set forth in Section 1 shall become effective as of June 30, 2003 when the Administrative Agent has received:

(i) counterparts of this Amendment executed by the Borrower and the Required Lenders;

(ii) amendments, consistent with the amendments set forth in *Section 1* and otherwise in form and substance reasonably acceptable to the Administrative Agent, executed by (x) the requisite holders of the Senior Notes and (y) the requisite purchasers/lenders in respect of any other Indebtedness having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount;

(iii) a Confirmation, substantially in the form of *Exhibit A*, signed by each Guarantor; and

(iv) an amendment fee for each Lender which, on or prior to 1:00 p.m. (Chicago time) on August 13, 2003, delivers an executed counterpart hereof to the Administrative Agent, such fee to equal 0.25% of such Lender's Commitment.

SECTION 4 *Miscellaneous*.

4.1 *Continuing Effectiveness, etc.* As herein amended, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to "Credit Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 *Counterparts.* This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment.

4.3 *Governing Law.* This Amendment shall be a contract made under and governed by the laws of the State of New York applicable to contracts made and to be performed entirely within such state.

4.4 *Successors and Assigns.* This Amendment shall be binding upon the Borrower, the Lenders and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Lenders and the Administrative Agent and the respective successors and assigns of the Lenders and the Administrative Agent.

4.5 *Delivery of Collateral Documents and Intercreditor Agreement.* Notwithstanding anything contained in the Credit Agreement to the contrary, an immediate Event of Default shall exist if the Borrower fails to deliver, or cause to be delivered, to the Administrative Agent (a) on or prior to August 25, 2003, a copy of the resolutions of the Board of Directors of the Borrower and the Guarantors authorizing the transactions contemplated by the Collateral Documents, and (b) on or prior to September 30, 2003, executed counterparts of the Security Agreement, the Pledge Agreement, the Mortgage and the Intercreditor Agreement and an opinion of counsel to the Borrower and the Guarantors, in form and substance reasonably acceptable to the Administrative Agent.

Delivered as of the day and year first above written.

TELETECH HOLDINGS, INC.

By: _____

Name Printed: _____

Title: _____

BANK OF AMERICA, N.A., as Administrative Agent

By: _____

Name Printed: _____

Title: _____

BANK OF AMERICA, N.A., as a Lender

By: _____

Name Printed: _____

Title: _____

CIBC INC.

By: _____

Name Printed: _____

Title: _____

THE NORTHERN TRUST COMPANY

By: _____

Name Printed: _____

Title: _____

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____

Name Printed: _____

Title: _____

KEY CORPORATE CAPITAL, INC.

By:

Name Printed: _____

Title: _____

EXHIBIT A
CONFIRMATION
Dated as of June 30, 2003

To: Bank of America, N.A., individually and as Administrative Agent, and the other financial institutions party to the Credit Agreement referred to below

Please refer to (a) the Credit Agreement dated as of October 29, 2002 (as amended prior to the date hereof, the "*Credit Agreement*") among TeleTech Holdings, Inc., various financial institutions (the "*Lenders*") and Bank of America, N.A., as administrative agent (in such capacity, the "*Administrative Agent*"); (b) the Guaranty as defined in the Credit Agreement; and (c) the Second Amendment dated as of June 30, 2003 (the "*Amendment*") to the Credit Agreement.

Each of the undersigned hereby confirms to the Administrative Agent and the Lenders on the date hereof that, after giving effect to the Amendment and the transactions contemplated thereby, the Guaranty continues in full force and effect and is the legal, valid and binding obligation of such undersigned, enforceable against such undersigned in accordance with its terms.

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT (WEST VIRGINIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (COLORADO), INC.
TELETECH FACILITIES MANAGEMENT (PARCEL CUSTOMER SUPPORT), INC.
TELETECH FACILITIES MANAGEMENT (POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT (TELECOMMUNICATIONS), INC.
TELETECH CUSTOMER CARE MANAGEMENT, INC.
TELETECH FINANCIAL SERVICES MANAGEMENT, LLC
TELETECH CUSTOMER CARE MANAGEMENT (CALIFORNIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (PENNSYLVANIA), LLC
CARABUNGA.COM, INC.

By: _____

Name Printed: _____

Title: _____

NEWGEN RESULTS CORPORATION

By: _____

Name Printed: _____

Title: _____

TELETECH CUSTOMER SERVICES, INC.
TTEC NEVADA, INC.

By: _____

Name Printed: _____

Title: _____

Exhibit 10.5

SECOND AMENDMENT
EXHIBIT A CONFIRMATION Dated as of June 30, 2003

Exhibit 10.6

October 24, 2003

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

Re: Third Amendment and Agreement

Ladies/Gentlemen:

Please refer to the Credit Agreement dated as of October 29, 2002 (as previously amended, the "*Credit Agreement*") among TeleTech Holdings, Inc. (the "*Borrower*"), various financial institutions (the "*Lenders*") and Bank of America, N.A. ("*Bank of America*"), as administrative agent (in such capacity, the "*Administrative Agent*"). Capitalized terms defined in the Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used herein as defined therein.

Pursuant to the Second Amendment to the Credit Agreement, the Borrower agreed to grant, and to cause each Guarantor to grant, liens and security interests on the Borrower's headquarters facility and in all personal property of the Borrower and such Guarantor (the "*Collateral*") to Bank of America, in its capacity as collateral agent (in such capacity, the "*Collateral Agent*"). In connection with the taking of such collateral, the Collateral Agent, the holders of the Senior Notes and the Administrative Agent intend to enter into an intercreditor agreement substantially in the form distributed to the Lenders on or about the date of this letter agreement (the "*Intercreditor Agreement*").

The Lenders:

(a) authorize (i) the Administrative Agent to enter into the Intercreditor Agreement on behalf of the Lenders (including on behalf of any Lender or any Affiliate thereof as a Cash Management Bank or as a holder of Hedging Obligations (as defined in the Intercreditor Agreement)) and to execute and deliver such documents as may reasonably be required or appropriate in connection therewith and (ii) Bank of America to act as Collateral Agent on behalf of the Lenders and various other creditors under the Intercreditor Agreement;

(b) acknowledge that (i) the Collateral Agent will file a deed of trust with respect to the Borrower's headquarters facility and Uniform Commercial Code financing statements with respect to the personal property of the Borrower and the Guarantors, (ii) except as expressly set forth in *clause (iii)* below, the Collateral Agent will use reasonable efforts to obtain an account control agreement with respect to each deposit account (other than deposit accounts maintained outside the United States and payroll accounts) maintained by the Company or any Guarantor and (iii) unless the Required Lenders or the Required Noteholders (as defined in the Intercreditor Agreement) so request during the existence of an Event of Default (as defined in the Intercreditor Agreement), the Collateral Agent will not be required to take any other action to perfect its security interest in the Collateral or to notify third parties of such security interest (including, without limitation, noting the Collateral Agent's lien on certificates of title, filing leasehold mortgages, filing against intellectual property with the Patent and Trademark Office, filing fixture financing statements, filing against Collateral maintained outside the United States, obtaining landlord waivers, obtaining blocked account or control agreements from Wells Fargo Bank National Association or Silicon Valley Bank or any similar action); and

---

(c) acknowledge and agree that, notwithstanding any provision in any Financing Agreement (as defined in the Intercreditor Agreement) to the contrary, (i) none of the Borrower or any Guarantor makes any representation or warranty as to the creation, perfection or enforceability of any security interest in or lien on any personal property not covered by the Uniform Commercial Code as in effect from time to time in the State of New York (the "UCC") (or, solely with respect to perfection, as to which a security interest may not be perfected by central filing in accordance with Section 9-501(a)(2) of the UCC) or any real property other than the Borrower's headquarters facility (the "Initial Collateral"); and (ii) so long as no Event of Default exists, neither the Borrower nor any Guarantor shall have any obligation to take any action (x) to create or perfect any security interest in or lien on any personal property other than the Initial Collateral or (y) of the types described in the parenthetical clause at the end of clause (b) above; it being understood that prior to request by the Required Lenders or the Required Noteholders (as defined in the Intercreditor Agreement) during the existence of an Event of Default (as defined in the Intercreditor Agreement), the sole obligation of the Borrower and each Guarantor with respect to the creation and perfection of security interests in and liens on Collateral shall be (i) to take all actions necessary to create, perfect and maintain security interests in all personal property of such Person in which a security interest may be perfected by the central filing of a financing statement under the applicable Uniform Commercial Code, (ii) to grant the Collateral Agent "control" over all deposit accounts (other than deposit accounts maintained outside the United States and payroll accounts) and investment property of such Person (except for existing accounts at Wells Fargo Bank National Association and Silicon Valley Bank, which will be closed no later than January 31, 2004, and securities accounts maintained outside the United States), (iii) in the case of TeleTech Services Corporation, to create and perfect a lien on the Company's headquarters facility and (iv) to take such other actions as the Collateral Agent may reasonably request from time to time in furtherance of the foregoing.

The Lenders and the Borrower agree that Section 8.01 of the Credit Agreement is amended by (i) redesignating clause "(m)" as clause "(n)" and (ii) inserting the following new clause (m) in appropriate sequence:

> (m) *Invalidity of Collateral Documents.* Any Collateral Document shall cease to be in full force and effect with respect to the Borrower or any applicable Guarantor (unless, in the case of a Guarantor, such Guarantor is released from its obligations thereunder in accordance with the terms of the Intercreditor Agreement); the Borrower or any Guarantor shall fail (subject to any applicable grace period) to comply with or to perform any applicable provision of any Collateral Document to which such entity is a party; or the Borrower or any Guarantor (or any Person by, through or on behalf of the Borrower or such Guarantor) shall contest in any manner the validity, binding nature or enforceability of any Collateral Document.

As herein amended, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness of this letter agreement, all references in the Credit Agreement and the other Loan Documents to "Credit Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

This letter agreement may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same letter agreement.

[SIGNATURES BEGIN ON NEXT PAGE]

This letter agreement shall be a contract made under and governed by the laws of the State of New York applicable to contracts made and to be performed entirely within such state.

BANK OF AMERICA, N.A., as Administrative Agent

By _____
Name _____
Title _____

BANK OF AMERICA, N.A., as a Lender

By _____
Name _____
Title _____

CIBC INC.

By _____
Name _____
Title _____

THE NORTHERN TRUST COMPANY

By _____
Name _____
Title _____

WACHOVIA BANK, NATIONAL ASSOCIATION

By _____
Name _____
Title _____

KEY CORPORATE CAPITAL, INC.

ACKNOWLEDGED AND AGREED:

TELETECH HOLDINGS, INC.

By _____
Name _____
Title _____

ACKNOWLEDGED AND AGREED:

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT (COLORADO), INC.
TELETECH FACILITIES MANAGEMENT (POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT (TELECOMMUNICATIONS), INC.
TELETECH CUSTOMER CARE MANAGEMENT (CALIFORNIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (PENNSYLVANIA), LLC
CARABUNGA.COM, INC.
TELETECH FINANCIAL SERVICES MANAGEMENT, LLC
TELETECH CUSTOMER CARE MANAGEMENT

(TEXAS), INC.
TELETECH INTERNATIONAL HOLDINGS, INC.
TELETECH SOUTH AMERICA HOLDINGS, INC.
T-TEC LABS, INC.

By _____
Name Printed _____
Title _____

NEWGEN RESULTS CORPORATION

By: _____
Name Printed: _____
Title: _____

TELETECH CUSTOMER SERVICES, INC.
TTEC NEVADA, INC.

By: _____
Name Printed: _____
Title: _____

QuickLinks

Exhibit 10.6

Use these links to rapidly review the document
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Exhibit 10.7

INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT

among

VARIOUS CREDITORS OF TELETECH HOLDINGS, INC.

and

BANK OF AMERICA, N.A.,
as Collateral Agent Dated as of October 24, 2003

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INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT

This INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT (this "*Agreement*") dated as of October 24, 2003 is entered into among BANK OF AMERICA, N.A. ("*Bank of America*") in its capacity as administrative agent for the Lenders (as defined below) under the Credit Agreement referred to below (in such capacity, together with its successors and assigns in such capacity, the "*Administrative Agent*"), the Purchasers referred to below, various other creditors of TeleTech Holdings, Inc., a Delaware corporation (the "*Company*"), and BANK OF AMERICA, as Collateral Agent (as defined below).

R E C I T A L S

A. Pursuant to a Note Purchase Agreement dated as of October 1, 2001 (as amended by the First Amendment to Note Purchase Agreement dated as of February 1, 2003, the Waiver and Second Amendment to Note Purchase Agreement dated as of August 1, 2003 and the Third Amendment to Note Purchase Agreement dated as of September 30, 2003, and as further amended, restated or otherwise modified from time to time, the "*Note Agreement*") between the Company and each of the purchasers listed on Schedule A thereto (the "*Purchasers*"; the Purchasers, together with each other holder of a Note (as defined below), collectively, the "*Noteholders*" and individually each a "*Noteholder*"), the Company originally issued and sold its 7.00% Senior Notes, Series A, due October 31, 2008 and its 7.40% Senior Notes, Series B, due October 31, 2011 (as amended and restated on or prior to the date hereof, collectively the "*Notes*" and individually each a "*Note*").

B. Pursuant to a Subsidiary Guaranty Agreement dated as of October 1, 2001 (the "*Noteholder Guaranty*"), various subsidiaries of the Company (collectively the "*Guarantors*" and individually each a "*Guarantor*") have guaranteed the payment of the principal of, Make-Whole Amount (as defined below), if any, with respect to and interest on the Notes and the payment and performance of all other obligations of the Company under the Note Agreement.

C. Pursuant to a Credit Agreement dated as of October 29, 2002 (as amended, restated or otherwise modified from time to time, the "*Credit Agreement*") among the Company, various financial institutions (collectively the "*Lenders*" and individually each a "*Lender*") and the Administrative Agent, the Lenders have made loans and other financial accommodations available to the Company.

D. The Company may from time to time enter into Hedging Agreements (as defined below) with one or more Lenders or Affiliates (as defined below) thereof.

E. The Guarantors have guaranteed the payment of all obligations of the Company under the Credit Agreement pursuant to a Guaranty dated as of October 29, 2002 (the "*Lender Guaranty*").

F. The financial institutions listed on *Schedule I* (together with their respective successors and assigns, collectively the "*Cash Management Banks*" and individually each a "*Cash Management Bank*") have provided and may from time to time hereafter provide overdraft protection, lockbox services, deposit account services and other cash management services to the Company or any of its subsidiaries (any arrangement to provide such protection and/or services, a "*Cash Management Arrangement*").

G. The Administrative Agent, the Lenders, the Noteholders, the Cash Management Banks, the Company and the Guarantors have agreed that the Credit Agreement Obligations (as defined below), the Noteholder Obligations (as defined below), the Hedging Obligations (as defined below), the Cash Management Obligations (as defined below), and the Guaranty Obligations (as defined below) shall be secured pursuant to the Collateral Documents (as defined below) with the respective priorities provided in this Agreement; the Benefited Parties (as defined below) have agreed that Bank of America shall be the collateral agent (in such capacity, together with its successors and assigns in such capacity, the "*Collateral Agent*") to act on behalf of all Benefited Parties regarding the Collateral (as defined below) and, to the extent necessary in connection therewith, the Guaranties (as defined below), all as more fully provided herein; and the parties hereto are entering into this Agreement to, among other things, further define the rights, duties, authority and responsibilities of the Collateral Agent and the relationship among the Benefited Parties regarding their interests in the Guaranties and the Collateral.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS AND INTERPRETATION.

(a) As used in this Agreement, and unless the context requires a different meaning, the following terms have the respective meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined:

Administrative Agent—see the *Preamble*.

Affected Benefited Party—see *Section 8*.

Affiliate means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, partnership interests or membership interests, by contract, or otherwise. Without limiting the generality of the foregoing, a Person shall be deemed to be controlled by another Person if such other Person possesses, directly or indirectly, power to vote 20% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

Agreement—see the *Preamble*.

Bank of America—see the *Preamble*.

Bankruptcy Code means the Bankruptcy Reform Act of 1978, as codified under Title 11 of the United States Code, as in effect from time to time.

Bankruptcy Proceeding means, with respect to any Person, a general assignment by such Person for the benefit of its creditors, or the institution by or against such Person of any proceeding seeking relief as debtor, or seeking to adjudicate such Person as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of such Person or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property.

Benefited Obligations means, (a) with respect to the Company, all Credit Agreement Obligations, all Noteholder Obligations, all Hedging Obligations and all Cash Management Obligations and (b) with respect to any Guarantor, all Guaranty Obligations of such Guarantor.

Benefited Parties means the holders from time to time of the Benefited Obligations.

Breakage Costs means any loss, cost or expense of the type described in Section 3.05 of the Credit Agreement as in effect on the date hereof.

Cash Management Arrangement—see the *Recitals*.

Cash Management Bank—see the *Recitals*.

Cash Management Obligations means all obligations of the Company or any of its subsidiaries under or in connection with any Cash Management Arrangement, including reimbursement obligations relating thereto, overdraft liabilities, fees, expenses and indemnities.

Code means the Uniform Commercial Code as the same may from time to time be in effect in the State of New York.

Collateral means, with respect to any Debtor, all property and interests in property of such Debtor in which a Lien has been created in favor of the Collateral Agent and/or any other Benefited Party to secure the obligations (including any Benefited Obligations) of such Debtor to any Benefited Party; *provided* that "Collateral" shall not include any Specific Collateral.

Collateral Agent—see the *Recitals*.

Collateral Document means each of the documents referred to on *Schedule II* and any other document or instrument pursuant to which any Debtor grants to the Collateral Agent or any other Benefited Party a Lien on any property to secure the Benefited Obligations of such Debtor, but excluding any document granting a Lien on Specific Collateral in favor of a Benefited Party other than the Collateral Agent.

Commitment Fees means the fees payable under Section 2.09(a) of the Credit Agreement as in effect on the date hereof.

Commitment Termination Event means (a) the commencement of a Bankruptcy Proceeding with respect to the Company (other than a Bankruptcy Proceeding that does not constitute an "Event of Default" under the Credit Agreement), (b) the acceleration of any Benefited Obligations (which acceleration has not been rescinded) or (c) the refusal by the Lenders to make any Borrowing (as defined in the Credit Agreement) or the L/C Issuer (as defined in the Credit Agreement) to issue any Letter of Credit requested by the Company in accordance with the terms of the Credit Agreement on any date on which the Commitments (as defined in the Credit Agreement) are subject to termination pursuant to the terms of the Credit Agreement.

Company—see the *Preamble*.

Credit Agreement—see the *Recitals*.

Credit Agreement Obligations means all obligations of the Company under or in connection with the Credit Agreement, including for principal, interest, fees, reimbursement obligations under Letters of Credit, Breakage Costs, expenses and indemnities.

Debtor means each of the Company and each Guarantor.

Enforcement means the commencement of any enforcement, collection (including judicial or non-judicial foreclosure) or similar proceeding with respect to any Collateral (other than Specific Collateral).

Event of Default means an "Event of Default" as defined in the Credit Agreement or the Note Agreement.

Fees and Charges means any fees and charges (including customary fees in connection with Cash Management Arrangements), amounts payable for increased costs, yield protection and other indemnities required to be paid pursuant to any Financing Agreement; *provided* that "Fees and Charges" shall not include (a) Letter of Credit Fees, (b) Breakage Costs, (c) Commitment Fees, (d) fees and expenses described in clause FIRST of *subsection 4(a)* or (e) Fronting Fees.

Financing Agreements means the Credit Agreement, the other Loan Documents (as defined in the Credit Agreement), the Note Agreement, the Notes, this Agreement, each Hedging Agreement, each agreement governing Cash Management Arrangements, the Guaranties and the Collateral Documents.

Fronting Fees means the fronting fees payable under Section 2.03(k) of the Credit Agreement as in effect on the date hereof.

Guaranties means the Lender Guaranty, the Noteholder Guaranty and each other guaranty issued by any subsidiary of the Company of any Benefited Obligations of the Company.

Guarantor—see the *Recitals*.

Guaranty Obligations means, with respect to any Guarantor, all obligations of such Guarantor under or in connection with any Guaranty.

Hedging Agreement means (a) any rate swap transaction, basis swap, credit derivative transaction, forward rate transaction, equity or equity index swap or option, bond or bond price or bond index swap or option or forward bond or forward bond price or forward bond index transaction, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot contract, or any other similar transaction or any combination of any of the foregoing (including any option to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any transaction of any kind, and each related confirmation, with respect to interest rates or currency exchange rates which is subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligation or liability under any Master Agreement.

Hedging Obligations means all obligations of the Company arising under or in connection with any Hedging Agreement entered into with any Lender or any Affiliate of a Lender.

Lender—see the *Recitals*.

Lender Guaranty—see the *Recitals*.

Letter of Credit means any letter of credit issued for the account of the Company or any of its subsidiaries by a Lender under the Credit Agreement.

Letter of Credit Fees means the letter of credit fees and charges payable under Section 2.03(j) and (k) (other than Fronting Fees) of the Credit Agreement as in effect on the date hereof.

Lien means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment for security, charge or deposit arrangement, encumbrance, preferential arrangement in the nature of security or lien (statutory or other) in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, or any financing lease having substantially the same economic effect as any of the foregoing, but not including the interest of a lessor under an operating lease).

Make-Whole Amount means, with respect to any Note, the "Make-Whole Amount" payable in respect of such Note pursuant to the Note Agreement as in effect on the date hereof.

Maximum Principal Obligations means the total of the outstanding principal amount of the Benefited Obligations *plus*, so long as no Commitment Termination Event has occurred, the unused portion of the combined commitments to lend under the Credit Agreement *minus* the amount of all Specific Collateral.

Note Agreement—see the *Recitals*.

Noteholder—see the *Recitals*.

Noteholder Guaranty—see the *Recitals*.

Noteholder Obligations means all obligations of the Company under or in connection with the Note Agreement, including all principal of, Make-Whole Amount, if any, with respect to and interest on the Notes, and all fees, expenses and indemnities.

Notes—see the *Recitals*.

Notice of Special Default—see *subsection 5(a)*.

Person means any individual, corporation, partnership, limited liability company, trust or other entity.

Preferential Payment means any payment or Proceeds from the Company or any Guarantor or any other source with respect to any Benefited Obligations (including from the exercise of any set-off) which are:

(i) received by a Benefited Party (other than a Cash Management Bank to the extent the applicable payment or Proceeds are applied to pay Cash Management Obligations) within 90 days prior to the commencement of a Bankruptcy Proceeding with respect to the Company, which payment reduces the amount of the Benefited Obligations owed to such Benefited Party below the amount owed to such Benefited Party as of the 90th day prior to such commencement, or

(ii) received by a Benefited Party (other than a Cash Management Bank to the extent the applicable payment or Proceeds are applied to pay Cash Management Obligations) (A) within 90 days prior to the occurrence of any Event of Default (other than an Event of Default arising as a result of the commencement of a Bankruptcy Proceeding with respect to the Company) which has not been waived or cured within 45 days after the occurrence thereof and which payment reduces the amount of the Benefited Obligations owed to such Benefited Party below the amount owed to such Benefited Party as of the 90th day prior to the occurrence of such Event of Default or (B) within 45 days after the occurrence of such Event of Default, or

(iii) except (A) as provided in *subsection 5(b)* and (B) to the extent applied by a Cash Management Bank to pay Cash Management Obligations so long as (I) such Cash Management Bank is permitting the applicable Debtor (or Debtors) to continue the applicable Cash Management Arrangement substantially in the ordinary course of business and (II) no Bankruptcy Proceeding has been commenced with respect to the Company and such Cash Management Bank has not received notice that the Credit Agreement Obligations or the Noteholder Obligations have been accelerated, received by a Benefited Party after the occurrence of a Special Event of Default;

provided that (x) the netting by a Cash Management Bank of positive and negative balances in accounts included in a Cash Management Arrangement shall not constitute a Preferential Payment prior to the first Business Day after the Business Day on which a Bankruptcy Proceeding has been commenced with respect to the Company or the Credit Agreement Obligations or the Noteholder Obligations have been accelerated; (y) the application by any Benefited Party of any Specific Collateral shall not constitute a Preferential Payment if and to the extent that prepayments made to other Benefited Parties arising out of the same event that gave rise to, and made at the time of the delivery to such Benefited Party (or an agent therefor) of, such Specific Collateral do not constitute Preferential Payments; and (z) no payment to, or application of Proceeds by, a Cash Management Bank to reimburse itself for amounts made available pursuant to a cash collateral order or similar order in a Bankruptcy Proceeding shall constitute a Preferential Payment.

Proceeds (a) with respect to any Collateral, has the meaning assigned to it under the Code and, in any event, includes (i) any and all proceeds of any collection, sale or other disposition of such Collateral and (ii) any and all amounts from time to time paid or payable under or in connection with any of such Collateral; and (b) with respect to any Guaranty, means all amounts paid to the Collateral Agent or any other Benefited Party under such Guaranty.

Purchaser—see the *Recitals*.

Repayment Event—see *Section 8*.

Required Benefited Parties means (a) Benefited Parties holding more than 50% of the Benefited Obligations, (b) at any time the principal amount of the Noteholder Obligations is at least equal to 10% of the Maximum Principal Obligations, the Required Noteholders, and (c) at any time the total of the principal amount of the Credit Agreement Obligations plus (so long as no Commitment Termination Event has occurred) the unused portion of the combined Commitments (under and as defined in the Credit Agreement) minus the amount of any Specific Collateral for the Credit Agreement Obligations is at least equal to 10% of the Maximum Principal Obligations, the Required Lenders.

Required Noteholders means "Required Holders" as defined in the Note Agreement.

Required Lenders means "Required Lenders" as defined in the Credit Agreement.

Special Event of Default means (i) the commencement of a Bankruptcy Proceeding with respect to the Company, (ii) any other Event of Default which has not been waived or cured within 45 days after the occurrence thereof, (iii) the making of a demand for payment under any Guaranty or (iv) the acceleration of the Credit Agreement Obligations, the Noteholder Obligations, any Cash Management Obligations or any Hedging Obligations.

Special Trust Account means an interest bearing trust account maintained by the Collateral Agent for the purpose of receiving and holding Preferential Payments.

Specific Collateral—see *subsection 10(k)*.

UCC means the Uniform Commercial Code as in effect from time to time in the State of New York.

Unmatured Event of Default means an event that, with the giving of any notice, the passage of time or both, would be an Event of Default.

(b) Section captions are included in this Agreement for convenience only and shall not be given effect in interpreting this Agreement. Section and Schedule references are to sections and schedules of this Agreement. The term "including" shall in all cases mean "including, without limitation." Reference to any agreement (including this Agreement), document or instrument means, unless otherwise stated, such agreement, document or instrument as amended, restated or otherwise modified from time to time prior to or after the date hereof. Reference to any law means such law as amended, modified, codified, replaced or re-enacted, in whole or in part, as in effect from time to time, including rules, regulations, enforcement procedures and interpretations promulgated thereunder. This Agreement and the other documents relating to this Agreement are the result of negotiations among and have been reviewed by counsel to the Collateral Agent, the Administrative Agent, the Purchasers and certain of the other parties, and are the products of all parties. Accordingly, they shall not be construed against any party merely because of such party's involvement in their preparation.

SECTION 2. APPOINTMENT OF COLLATERAL AGENT.

Each of the Lenders (by its consent to the execution and delivery by the Administrative Agent of this Agreement), each of the Noteholders and (by its acceptance of the benefits hereof) each other Benefited Party:

(a) designates and appoints Bank of America to serve as the Collateral Agent under this Agreement and the Collateral Documents (and, to the extent necessary in connection therewith, the Guaranties);

(b) authorizes the Collateral Agent to act as agent for the Benefited Parties for the purposes of executing and delivering on behalf of the Benefited Parties the Collateral Documents and, subject to the provisions of this Agreement, enforcing the Benefited Parties' rights in respect of the Collateral (and, to the extent necessary in connection therewith, the Guaranties) and the obligations of the Debtors under the Collateral Documents (and, to the extent necessary in connection therewith, the Guaranties), together with such other powers as are reasonably incidental thereto;

(c) acknowledges and agrees that (i) the Collateral Agent will file a deed of trust with respect to the Company's headquarters facility and Uniform Commercial Code financing statements with respect to the personal property of the Company and the Guarantors, (ii) except as expressly set forth in *clause (iii)* below, the Collateral Agent will use reasonable efforts to obtain an account control agreement with respect to each deposit account (other than deposit accounts maintained outside the United States and payroll accounts) maintained by the Company or any Guarantor and (iii) unless the Required Lenders or the Required Noteholders so request during the existence of an Event of Default, the Collateral Agent will not be required to take any other action to perfect its security interest in the Collateral or to notify third parties of such security interest (including, without limitation, noting the Collateral Agent's lien on certificates of title, filing leasehold mortgages, filing against intellectual property with the Patent and Trademark Office, filing fixture financing statements, filing against Collateral maintained outside the United States, obtaining landlord waivers, obtaining blocked account or control agreements from Wells Fargo Bank National Association or Silicon Valley Bank or any similar action); and

(d) acknowledges and agrees that, notwithstanding any provision in any Financing Agreement to the contrary, (i) no Debtor makes any representation or warranty as to the creation, perfection or enforceability of any security interest in or lien on any personal property not covered by the UCC (or, solely with respect to perfection, as to which a security interest may not be perfected by central filing in accordance with Section 9-501(a)(2) of the UCC) or any real property other than the Company's headquarters facility (the "Initial Collateral"); and (ii) so long as no Event of Default exists, no Debtor shall have any obligation to take any action (x) to create or perfect any security interest in or lien on any personal property other than the Initial Collateral or (y) of the types described in the parenthetical clause at the end of *subsection 2(c)*; it being understood that prior to request by the Required Lenders or the Required Noteholders during the existence of an Event of Default, the sole obligation of each Debtor with respect to the creation and perfection of security interests in and liens on Collateral shall be (i) to take all actions necessary to create, perfect and maintain security interests in all personal property of such Debtor in which a security interest may be perfected by the central filing of a financing statement under the applicable Uniform Commercial Code, (ii) to grant the Collateral Agent "control" over all deposit accounts (other than deposit accounts maintained outside the United States and payroll accounts) and investment property of such Debtor (except for existing accounts at Wells Fargo Bank National Association and Silicon Valley Bank, which will be closed no later than January 31, 2004, and securities accounts maintained outside the United States), (iii) in the case of TeleTech Services Corporation, to create and perfect a lien on the Company's headquarters facility and (iv) to take such other actions as the Collateral Agent may reasonably request from time to time in furtherance of the foregoing.

SECTION 3. DECISIONS RELATING TO ADMINISTRATION AND EXERCISE OF REMEDIES VESTED IN THE REQUIRED BENEFITED PARTIES.

(a) Except as set forth in *subsection 3(f)* or *10(g)*, the Collateral Agent agrees that it will not (i) release any Lien or Collateral without the consent of the Required Benefited Parties or (ii) commence Enforcement without the direction of the Required Benefited Parties. Subject to *subsections 2(c)* and *(d)*, the Collateral Agent agrees to administer the Collateral and to make such demands and give such notices under the Collateral Documents as the Required Benefited Parties may request, and to take such action to enforce the Collateral Documents (and, to the extent necessary in connection therewith, the Guaranties) and to realize upon, collect and dispose of the Collateral or any portion thereof as may be directed by the Required Benefited Parties. The Collateral Agent shall not be required to take any action that is in the opinion of counsel to the Collateral Agent contrary to law or to the terms of this Agreement, any Guaranty or any Collateral Document, or that would in the opinion of such counsel subject the Collateral Agent or any of its officers, employees, agents or directors to liability, and the Collateral Agent shall not be required to take any action under this Agreement, any Guaranty or any Collateral Document unless and until the Collateral

Agent shall be indemnified to its reasonable satisfaction by one or more of the Benefited Parties against any and all loss, cost, expense or liability in connection therewith.

(b) Each Benefited Party agrees that the Collateral Agent shall act as the Required Benefited Parties may request (regardless of whether any individual Benefited Party agrees, disagrees or abstains with respect to such request) and that the Collateral Agent shall have no liability for acting in accordance with such request (*provided* such action does not conflict with the express terms of this Agreement, any Guaranty or any Collateral Document). The Collateral Agent shall give prompt notice to each Lender and each Noteholder of any action taken pursuant to the instructions of the Required Benefited Parties to enforce any Collateral Document; *provided* that the failure to give any such notice shall not impair the right of the Collateral Agent to take any such action or the validity of any action so taken.

(c) The Collateral Agent may at any time request directions from the Required Benefited Parties as to any course of action or other matter relating hereto or relating to any Guaranty or any Collateral Document. Except as otherwise provided in this Agreement, directions given by the Required Benefited Parties to the Collateral Agent hereunder shall be binding on all Benefited Parties, for all purposes. If the Collateral Agent has asked the Benefited Parties for instruction and if the Required Benefited Parties have not yet responded to such request, the Collateral Agent shall be authorized to take, but shall not be required to take and shall in no event have any liability for failure to take, such actions with regard to any Event of Default which the Collateral Agent, in good faith, believes to be reasonably required to promote and protect the interests of the Benefited Parties and to maximize both the value of the Collateral and the present value of the recovery by the Benefited Parties on the Benefited Obligations and shall give the Benefited Parties appropriate notice of such action; *provided* that once such instructions have been received by the Collateral Agent, the actions of the Collateral Agent shall be governed thereby and the Collateral Agent shall not take any further action which would be contrary thereto.

(d) Nothing contained in this Agreement shall affect the right (if any) of any Benefited Party to give the Company or any other applicable Person notice of any default or to accelerate or make demand for payment of its Benefited Obligations under any applicable Financing Agreement. Each Benefited Party agrees not to take any action to enforce any term or provision of any Collateral Document or to enforce any of its rights in respect of the Collateral (other than Specific Collateral) except through the Collateral Agent in accordance with this Agreement.

(e) The Collateral Agent shall not be deemed to have actual or constructive knowledge or notice of the occurrence of any Event of Default until it has received written notice thereof from the Company or any Benefited Party stating that it is a "Notice of Default." Any Benefited Party that has actual knowledge of an Event of Default shall deliver to the Collateral Agent a written statement describing such Event of Default (*provided* that failure to do so shall not constitute a waiver of such Event of Default by any Benefited Party). Upon receipt of a notice from the Company or any Benefited Party of the occurrence of an Event of Default, the Collateral Agent shall promptly (and in any event no later than three business days after receipt of such notice in the manner provided in *subsection 10(a)*) give notice of such Event of Default to all other Benefited Parties.

(f) Unless the Collateral Agent has received notice (as provided in *subsection 3(e)* above) that an Event of Default exists, the Collateral Agent may (and shall at the request of any Debtor), without the approval of any other Benefited Party, (i) release any Collateral under any Collateral Document which is permitted to be sold or disposed of or otherwise released pursuant to the Credit Agreement and the Note Agreement and execute and deliver such releases as may be necessary to terminate of record the Collateral Agent's security interest (for the benefit of the Benefited Parties) in such Collateral; and (ii) subordinate any Lien on any property which constitutes Collateral to the holder of any Lien on such property which is permitted by Section 7.01(h), (k) or (l) (but in the case of subsection 7.01(l), solely with respect to purchase money security interests or leases of equipment or other personal property and so long as the senior Lien attaches only to the property so acquired or leased) of the Credit Agreement and Section 10.5(h), (i) or (j) of the Note Agreement, each as in effect on the date hereof. In determining whether any such release or subordination is permitted, the Collateral Agent may, in the absence of actual notice to the contrary (and without any review of any Financing Agreement or any other investigation or inquiry), conclusively rely upon a certificate from the Company that such release or subordination is permitted by the Credit Agreement and the Note Agreement.

(g) Without limiting *subsection 3(f)* but subject to *Section 5*, the security interest of the Collateral Agent in any Specific Collateral shall automatically, and without further action, (i) be subordinated to the security interest of the Benefited Party that holds such Specific Collateral, and the Collateral Agent shall not take any action to enforce or realize upon such Collateral (other than giving any notice of claim to a subordinate interest in such Collateral that the Collateral Agent deems necessary or appropriate to preserve such claim) without the prior written consent of such Benefited Party; and (ii) be released upon such Benefited Party's application of such Specific Collateral to any Benefited Obligations arising under Letters of Credit in accordance with the provisions of *subsection 10(k)*. The Collateral Agent is authorized to execute and deliver any documents reasonably requested by any Benefited Party to evidence any such subordination or release.

(h) Any term of the Collateral Documents may be amended, and the performance or observance by the parties to a Collateral Document of any term of such Collateral Document may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent upon the written consent of the Required Benefited Parties; *provided* that no amendment to the Collateral Documents which directly or indirectly narrows the description of the Collateral or the obligations being secured thereby or changes the priority of payments to the Benefited Parties under the Collateral Documents may be made without the written consent of all of the Benefited Parties.

SECTION 4. APPLICATION OF PROCEEDS.

(a) All Proceeds received by the Collateral Agent from, or in respect of the Collateral of, any Debtor in connection with an Enforcement, and all Preferential Payments made by the Company or any Guarantor which are required to be paid to all Benefited Parties in accordance with *Section 5*, shall be applied promptly by the Collateral Agent as follows:

FIRST: To the payment of the reasonable costs and expenses of the collection of such Proceeds and any sale, collection or other realization upon any such Collateral, including reasonable fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith, and all other amounts due to the Collateral Agent in its capacity as such;

SECOND: To the ratable payment of the Benefited Obligations then due and owing by the Company or such Guarantor (*including* Letter of Credit Fees and up to $5,000,000 of then outstanding Cash Management Obligations (other than customary fees in connection with Cash Management Arrangements) but *excluding* Cash Management Obligations in excess of $5,000,000, Hedging Obligations, Make-Whole Amounts, Breakage Costs, Fronting Fees, Commitment Fees and Fees and Charges); *provided* that with respect to Benefited Obligations consisting of the undrawn amounts of

outstanding Letters of Credit, payment shall be made to the Collateral Agent, to be retained as collateral, for the ratable portion of the Benefited Obligations consisting of such undrawn amounts of outstanding Letters of Credit (*provided* that (i) if any payment is made by a Benefited Party under any such Letter of Credit, the Collateral Agent shall pay to such Benefited Party the ratable portion of the amount of cash held as collateral therefor pursuant to this clause which is allocable to the amount paid under such Letter of Credit (or in respect of such time draft) less the amount of any Specific Collateral held by such Benefited Party; and (ii) if and to the extent that any such Letter of Credit shall expire or terminate, the amount of cash held as collateral therefor pursuant to this clause shall be applied in accordance with this *subsection 4(a)*), calculated in accordance with the provisions of *subsection 4(b)*;

THIRD: To the ratable payment of Hedging Obligations, remaining Cash Management Obligations, Make-Whole Amounts, Breakage Costs, Fronting Fees and Commitment Fees;

FOURTH: To the ratable payment of Fees and Charges; and

FIFTH: After payment in full of all Benefited Obligations, to the payment to or upon the order of the Company or the Guarantors, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds.

Until such Proceeds are so applied, the Collateral Agent shall hold such Proceeds in its custody in an interest-bearing account in accordance with its regular procedures for handling deposited funds.

(b) Payment shall be based upon the proportion which the amount of the Benefited Obligations described in clause FIRST, SECOND, THIRD and FOURTH of *subsection 4(a)*, as applicable, owing by the Company or any Guarantor to any Benefited Party bears to the total amount of all Benefited Obligations described in such clause owing by such Person to all Benefited Parties.

(c) Payments by the Collateral Agent in respect of (i) the Credit Agreement Obligations and, to the extent relating to the Credit Agreement Obligations, the Guaranty Obligations, shall be made to the Administrative Agent for distribution to the Lenders in accordance with the Credit Agreement; (ii) the Noteholder Obligations and, to the extent relating to the Noteholder Obligations, the Guaranty Obligations, shall be made to the applicable Noteholder; (iii) the Hedging Obligations and, to the extent relating to the Hedging Obligations, the Guaranty Obligations, shall be made to the holder of such Hedging Obligations and (iv) the Cash Management Obligations and, to the extent relating to the Cash Management Obligations, the Guaranty Obligations, shall be made to the applicable Cash Management Bank.

SECTION 5. PREFERENTIAL PAYMENTS AND SPECIAL TRUST ACCOUNT; SHARING.

(a) The Collateral Agent shall give each Benefited Party a written notice (a "*Notice of Special Default*") promptly, but no later than three business days, after being notified in writing by a Benefited Party that a Special Event of Default has occurred. After the receipt of such Notice of Special Default, all Preferential Payments other than those payments received pursuant to *subsection 5(b)* shall be deposited into the Special Trust Account. Each Benefited Party agrees that no Event of Default shall occur for failure by the Company to make any payment to any Benefited Party as a result of payments so made on a timely basis to the Collateral Agent.

(b) If (i) such Special Event of Default is waived by the applicable Benefited Parties and no other Event of Default has occurred and is continuing, (ii) such Special Event of Default is cured by the Company or any amendment of the applicable Financing Agreement and no other Event of Default has occurred and is continuing or (iii) no Benefited Obligations have been accelerated and the Required Benefited Parties have not instructed the Collateral Agent to commence Enforcement prior to the 90th day following the occurrence of such Special Event of Default (notwithstanding that such Special Event of Default or any other Event of Default exists), the Collateral Agent thereupon shall return all amounts, together with a pro rata share of interest earned thereon, held in the Special Trust Account representing payment of any Benefited Obligations to the Benefited Party initially entitled thereto, and no payments thereafter received by a Benefited Party shall constitute a Preferential Payment by reason of such cured or waived Special Event of Default. No payment returned to a Benefited Party for which such Benefited Party has been obligated to make a deposit into the Special Trust Account shall thereafter ever be characterized as a Preferential Payment.

(c) Each Benefited Party agrees that upon the occurrence of a Special Event of Default it shall (i) promptly notify the Collateral Agent of the amount of all Preferential Payments (if any) previously received by such Benefited Party and of the receipt thereafter of any Preferential Payment, (ii) hold such amounts in trust for the Benefited Parties and act as agent of the Benefited Parties during the time any such amounts are held by it and (iii) deliver to the Collateral Agent such amounts for deposit into the Special Trust Account.

(d) If (i) the Benefited Obligations have been accelerated or (ii) the Required Benefited Parties have instructed the Collateral Agent to commence Enforcement, then all funds, together with interest accrued thereon, held in the Special Trust Account and all subsequent Preferential Payments shall be applied in accordance with the provisions of *subsection 4(a)*.

(e) For the purposes of determining the amount of outstanding Benefited Obligations, if any Benefited Party is required to deposit any Preferential Payment in the Special Trust Account, then the obligations intended to be satisfied by such Preferential Payment shall be revived, as of the date of the deposit of such amount with the Collateral Agent, in the amount of such Preferential Payment and such obligation shall continue in full force and effect (and bear interest from such deposit date at the non-default rate provided in the underlying document) as if such Benefited Party had not received such payment. All such revived obligations shall be included as Benefited Obligations for purposes of allocating any payments under *subsection 4(a)* and for applying the definition of Required Benefited Parties. If any such revived obligation shall not be allowed as a claim under the Bankruptcy Code due to the fact that the Preferential Payment has in fact been made by the Company, the Benefited Parties shall make such other equitable arrangements for the purchase and sale of participation in the Benefited Obligations to effectuate the intent of this *subsection 5(e)*.

SECTION 6. INFORMATION FROM BENEFITED PARTIES

Each Benefited Party shall promptly from time to time, upon written request of the Collateral Agent, (i) notify the Collateral Agent of the outstanding Benefited Obligations owed to such Benefited Party as at such date as the Collateral Agent may specify and (ii) notify the Collateral Agent of any payment received thereafter by such Benefited Party to be applied to the Benefited Obligations payable to such Benefited Party. Each Benefited Party shall certify as to such amounts and the Collateral Agent shall be entitled to rely conclusively upon such certification.

SECTION 7. DISCLAIMERS, INDEMNITY, ETC.

(a) The Collateral Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Collateral Documents. The Collateral Agent shall not by reason of this Agreement, any Guaranty or any Collateral Document be a trustee for any Benefited Party or have any other fiduciary obligation to any Benefited Party (including any obligation under the Trust Indenture Act of 1939, as amended). The Collateral Agent shall not be responsible to any Benefited Party for any recitals, statements, representations or warranties contained in any Financing Agreement or in any certificate or other document referred to or provided for in, or received by any of them under, any Financing Agreement (other than statements, representations and warranties made by the Collateral Agent), or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Financing Agreement or any other document referred to or provided for therein or any Lien under any Collateral Document or the perfection or priority of any such Lien or for any failure by the Company, any Guarantor, any Benefited Party or any other Person to perform any of its respective obligations under any Financing Agreement. Without limiting the foregoing, the Collateral Agent shall not be required to take any action under any Guaranty or any Collateral Document, including any action to perfect any security interest granted in the Collateral pursuant to any Collateral Document, or to administer any Collateral unless instructed to do so by the Required Benefited Parties; *provided* that, subject to *subsection 2(d)*, any Benefited Party may instruct the Collateral Agent to take actions necessary to preserve, protect or continue any existing security interest (including, without limitation, an instruction to file a Uniform Commercial Code financing statement) without the need to obtain the consent of the Required Benefited Parties. The Collateral Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder, under any Guaranty or Collateral Documents or in connection with any of the foregoing, except for the gross negligence or willful misconduct of such Person.

(b) The Collateral Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, facsimile, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of independent legal counsel, independent accountants and other experts selected by the Collateral Agent. As to any matters not expressly provided for by this Agreement, the Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Benefited Parties, and such instructions of the Required Benefited Parties, and any action taken or failure to act pursuant thereto, shall be binding on all Benefited Parties.

(c) The Benefited Parties agree severally (but not jointly) that they will indemnify the Collateral Agent, in its capacity as the Collateral Agent, ratably in accordance with the amount of the Benefited Obligations held by each of the Benefited Parties at the time any item described below arises, to the extent the Collateral Agent is not reimbursed by the Company or the Guarantors under the Financing Agreements or reimbursed out of any Proceeds pursuant to clause FIRST of *subsection 4(a)*, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of this Agreement, any Guaranty or any Collateral Document or the enforcement of any of the terms hereof or thereof, including reasonable fees and expenses of counsel (including the allocated cost of internal counsel); *provided* that no Benefited Party shall be liable for any such payment to the extent the obligation to make such payment is found in a final judgment by a court of competent jurisdiction to have arisen from the Collateral Agent's gross negligence or willful misconduct. The obligations of the Benefited Parties under this *subsection 7(c)* shall survive the payment in full of the Benefited Obligations and the termination of this Agreement.

(d) Except for action expressly required of the Collateral Agent hereunder, the Collateral Agent shall, notwithstanding *subsection 7(c)*, in all cases be fully justified in failing or refusing to act hereunder unless it shall be further indemnified to its reasonable satisfaction by the Benefited Parties against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

(e) The Collateral Agent may deem and treat the payee of any promissory note or other evidence of indebtedness or obligation relating to any Benefited Obligation as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof, signed by such payee and in form reasonably satisfactory to the Collateral Agent, shall have been filed with the Collateral Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any such note or other evidence of indebtedness or obligation shall be conclusive and binding on any subsequent holder, transferee or assignee of such note or other evidence of indebtedness or obligation and of any note or notes or other evidences of indebtedness or obligation issued in exchange therefor.

(f) Except as expressly provided herein, the Collateral Agent shall have no duty to take any affirmative steps with respect to the administration or collection of amounts payable in respect of the Guaranties, the Collateral Documents or the Collateral. The Collateral Agent shall incur no liability (except to the extent the actions or omissions of the Collateral Agent in connection therewith constitute gross negligence or willful misconduct) as a result of any sale of any Collateral, whether at any public or private sale.

(g) (i) The Collateral Agent may resign at any time by giving at least 45 days' notice thereof to the Lenders and the Noteholders, the Collateral Agent may be removed as the Collateral Agent at any time, with or without cause, by the Required Benefited Parties and the Collateral Agent may be removed by the Required Noteholders at any time that (A) an Event of Default exists under the Note Agreement or the principal amount of the Notes constitutes more than 50% of the Maximum Principal Obligations and (B) the Collateral Agent has failed to take any action which the Collateral Agent is required to take hereunder after request therefor by the Required Noteholders or the Collateral Agent has taken any action hereunder which the Collateral Agent is not authorized to take hereunder or which violates the terms hereof. In the event of any such resignation or removal of the Collateral Agent, the Required Benefited Parties shall thereupon have the right to appoint a successor Collateral Agent. If no successor Collateral Agent shall have been so appointed by the Required Benefited Parties and shall have accepted such appointment within 45 days after the notice of the intent of the Collateral Agent to resign or the removal of the Collateral Agent, then the resignation or removal shall nonetheless become effective and the Benefited Parties acting collectively shall thereafter have the rights and obligations of the Collateral Agent hereunder and under the Collateral Documents until a successor Collateral Agent has been appointed and accepted such appointment. Any successor Collateral Agent appointed pursuant to this subsection shall be a commercial bank or other financial institution organized under the laws of the United States of America or any state thereof having combined capital and surplus of at least $500,000,000 or shall otherwise be acceptable to the Required Benefited Parties. After any retiring or removed Collateral Agent's resignation or removal hereunder, the provisions of *Section 3* and this *Section 7* shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was the Collateral Agent.

(ii) Upon the acceptance by a successor Collateral Agent of appointment as the Collateral Agent hereunder, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Collateral Agent, and the retiring or

removed Collateral Agent shall thereupon be discharged from its duties and obligations hereunder.

(h) In no event shall the Collateral Agent or any other Benefited Party be liable or responsible for any funds or investments of funds held by the Company, any Guarantor or any of their Affiliates.

(i) With respect to their respective shares of the Benefited Obligations, Bank of America and its Affiliates shall have and may exercise the same rights and powers hereunder as, and shall be subject to the same obligations and liabilities as and to the extent set forth herein for, any other Benefited Party, all as if Bank of America were not the Collateral Agent. The terms "Benefited Parties", "Required Benefited Parties", "Lenders", "Required Lenders", "Cash Management Bank" or any similar term shall, unless the context clearly otherwise indicates, include Bank of America or any Affiliate of Bank of America in its individual capacity as a Benefited Party, one of the Required Benefited Parties, a Lender, one of the Required Lenders or a Cash Management Bank. Bank of America and its Affiliates may lend money to, and generally engage in any kind of business with, the Company or any of its Affiliates as if Bank of America were not acting as the Collateral Agent and without any duty to account therefor to any other Benefited Party. Without limiting the foregoing, each Benefited Party acknowledges that (i) Bank of America is both a Lender and the Administrative Agent under the Credit Agreement and the Collateral Agent hereunder and under the Collateral Documents and (ii) Bank of America and its Affiliates may continue to engage in any credit decision with respect to the Credit Agreement or any other Financing Agreement without any duty to account therefor to the Benefited Parties by reason of its appointment as the Collateral Agent.

(j) Each party hereto acknowledges that it has, independently and without reliance upon the Collateral Agent or any other party hereto and based upon such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Financing Agreements to which it is a party. Each party hereto also acknowledges that it will, independently and without reliance upon the Collateral Agent and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Financing Agreements to which it is a party.

(k) If, with respect to any proposed action to be taken by it, the Collateral Agent shall determine in good faith that the provisions of this Agreement relating to the functions or discretionary powers of the Collateral Agent are or may be ambiguous or inconsistent, the Collateral Agent shall notify the Lenders and the Noteholders identifying the proposed action and the provisions it considers to be ambiguous or inconsistent, and may decline either to perform such function or responsibility or to exercise such discretionary power unless it has received the written confirmation of the Required Benefited Parties that the Required Benefited Parties concur that the action proposed to be taken by the Collateral Agent is consistent with the terms of this Agreement or is otherwise appropriate. The Collateral Agent shall be fully protected in acting or refraining from acting upon the confirmation of the Required Benefited Parties in this respect, and such confirmation shall be binding upon all Benefited Parties.

(l) The Company and each other Debtor, by its consent hereto, agrees to pay to the Collateral Agent, from time to time upon demand, all reasonable fees, costs and expenses of the Collateral Agent (including the reasonable fees and charges of counsel to the Collateral Agent and the allocated cost of internal legal services and all reasonable disbursements of internal counsel) (i) arising in connection with the enforcement of any of the provisions of this Agreement or the other Financing Agreements, (ii) incurred or required to be advanced in connection with the administration of the Collateral, the sale or other disposition of the Collateral pursuant to any Collateral Document and the preservation, protection or defense of the Collateral Agent's rights under this Agreement and the other applicable Financing Agreements and in and to the Collateral, or (iii) incurred by the Collateral Agent in connection with the resignation of the Collateral Agent pursuant to *subsection 7(g)*. The obligations of the Company and each other Debtor under this *subsection 7(l)* shall survive the termination of the other provisions of this Agreement.

SECTION 8. INVALIDATED PAYMENTS.

If the Collateral Agent or any other Benefited Party receives any amount pursuant to this Agreement that is subsequently required to be returned or repaid by the Collateral Agent or such other Benefited Party to the Company or any Guarantor or any Affiliate thereof or their respective representatives or successors in interest, whether by court order, settlement or otherwise (a "*Repayment Event*"), then

(x) if the Repayment Event results in the Collateral Agent being required to return or repay any amount distributed by it to the other Benefited Parties under this Agreement, each Benefited Party to which such amount was distributed shall, forthwith upon its receipt of a notice thereof from the Collateral Agent, pay the Collateral Agent an amount equal to its ratable share (based on the amount distributed to such Benefited Party) of the amount required to be returned or repaid relating to such Repayment Event,

(y) if the Repayment Event results in any Benefited Party being required to return or repay any amount received by it for its own account under this Agreement to the Company, any Guarantor or any Affiliate thereof or their respective representatives or successors in interest (any such Benefited Party being an "*Affected Benefited Party*"), each other Benefited Party shall, forthwith upon its receipt of a notice thereof from the Affected Benefited Party, pay the Collateral Agent an amount for distribution to such Affected Benefited Party such that, after giving effect to such payment and distribution, all Benefited Parties shall have received such proportion of the Proceeds as they would have received had the original payment which gave rise to such Repayment Event not occurred, and

(z) in either case, the Collateral Agent shall thereafter apply Proceeds received in a manner consistent with the terms of this Agreement such that all Benefited Parties receive such proportion of the Proceeds as they would have received had the original payment which gave rise to such Repayment Event not occurred;

it being understood that (i) if any Benefited Party shall fail to promptly pay any such amount to the Collateral Agent, the Collateral Agent may deduct such amount (plus any accrued interest thereon) from any amount payable thereafter to such Benefited Party under this Agreement and (ii) until such amount is paid in full (by deduction or otherwise), such Benefited Party shall have no right to vote on any matter under this Agreement (and the Benefited Obligations of such Benefited Party shall be disregarded for purposes of *clause (a)* of the definition of "Required Benefited Parties" or making any similar determination hereunder (other than pursuant to *clauses (b)* and *(c)* of the definition of "Required Benefited Parties")).

SECTION 9. RELATIONSHIP AMONG THE BENEFITED PARTIES.

(a) Each Benefited Party agrees that, so long as any Benefited Obligations are outstanding, the provisions of this Agreement shall provide the exclusive method by which any Benefited Party may exercise rights and remedies under the Collateral Documents. Therefore, each Benefited Party shall, for the mutual benefit of all Benefited Parties, except as permitted under this Agreement:

(i) refrain from taking or filing any action, judicial or otherwise, to enforce any right or pursue any remedy under the Collateral Documents, except for delivering notices hereunder;

(ii) refrain from accepting any other security for, the Benefited Obligations from the Company or any Affiliate of the Company, except for (A) Specific Collateral and (B) any security granted to the Collateral Agent for the benefit of all Benefited Parties; and

(iii) refrain from exercising any right or remedy under the Collateral Documents which has or may have arisen or which may arise as a result of an Event of Default or Unmatured Event of Default;

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provided, *however*, that nothing contained in *subsections (i)* through (*iii*) above shall prevent any Benefited Party from imposing a default rate of interest in accordance with the applicable Financing Agreement or prevent a Benefited Party from raising any defense in any action in which it has been made a party defendant or has been joined as a third party, except that the Collateral Agent may direct and control any defense directly relating to the Collateral or any Collateral Documents.

(b) During any Bankruptcy Proceeding with respect to any Debtor, each Benefited Party agrees that:

(i) The Collateral Agent shall represent all Benefited Parties in connection with all matters directly relating to the Collateral, including the use, sale or lease of Collateral, use of cash collateral, relief from the automatic stay and adequate protection. The Collateral Agent shall act on the instructions of the Required Benefited Parties; *provided* that no such vote by the Required Benefited Parties shall treat the holders of the Credit Agreement Obligations differently with respect to rights in the Collateral from the holders of the Noteholder Obligations or *vice versa*.

(ii) Each Benefited Party shall be free to act independently on any issue not directly relating to the Collateral.

SECTION 10. MISCELLANEOUS.

(a) All notices and other communications provided for herein shall be in writing and may be sent by overnight air courier, facsimile communication or United States mail and shall be deemed to have been given when delivered by overnight air courier, upon receipt of facsimile communication or four business days after deposit in the United States mail, registered or certified, with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this *subsection 10(a)*) shall be set forth under each party's name on the signature pages (including acknowledgments) hereof. By their consent to the Collateral Agent's execution and delivery hereof, the Lenders acknowledge and agree that any notice to a Lender shall be conclusively deemed to have been received concurrently by any Affiliate of such Lender which is a Benefited Party.

(b) This Agreement may be amended, modified or waived only by an instrument or instruments in writing signed by the Administrative Agent (acting upon the direction of the Required Lenders or such greater number of Lenders as may be required by the Credit Agreement), the Noteholders and the Collateral Agent, and in the case of an amendment to *subsection 2(c)*, *2(d)* or *7(l)*, the Company and the other Debtors.

(c) This Agreement shall be binding upon and inure to the benefit of (i) the Collateral Agent and each other Benefited Party and their respective successors and assigns and (ii) with respect to *subsections 2(c)*, *2(d)* and *7(l)*, each Debtor and its successors and assigns. If the holder of any Benefited Obligations shall transfer such Benefited Obligations, it shall promptly so advise the Collateral Agent. Each transferee of any Benefited Obligations shall take such Benefited Obligations subject to the provisions of this Agreement and to any request made, waiver or consent given or other action taken or authorized hereunder, by each previous holder of such Benefited Obligations, prior to the receipt by the Collateral Agent of written notice of such transfer; and, except as expressly otherwise provided in such notice, the Collateral Agent shall be entitled to assume conclusively that the transferee named in such notice shall thereafter be vested with all rights and powers as a Benefited Party under this Agreement. Upon the written request of any Benefited Party, the Collateral Agent will provide such Benefited Party with copies of any written notices of transfer received pursuant hereto.

(d) This Agreement shall continue to be effective among the Benefited Parties even though a case or proceeding under any bankruptcy or insolvency law or any proceeding in the nature of a receivership, whether or not under any insolvency law, shall be instituted with respect to the Company or any Guarantor, or any portion of the property or assets of the Company or any Guarantor, and all actions taken by the Benefited Parties with regard to such proceeding shall be by the Required Benefited Parties; *provided* that nothing herein shall be interpreted to preclude any Benefited Party from filing a proof of claim with respect to its Benefited Obligations or from casting its vote, or abstaining from voting, for or against confirmation of a plan of reorganization in its sole discretion. Consistent with, but not in limitation of, the foregoing, each of the Benefited Parties and, by their execution of the Acknowledgment and Consent to Intercreditor and Collateral Agency Agreement, each of the Company and each Guarantor, agrees and acknowledges that this Agreement constitutes a "subordination agreement" within the meaning of both New York law and Section 510(a) of the United States Bankruptcy Code.

(e) Each Benefited Party agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments as the Collateral Agent or any other Benefited Party may reasonably request to carry into effect the terms, provisions and purposes of this Agreement or to better assure and confirm unto the Collateral Agent or such other Benefited Party its respective rights, powers and remedies hereunder.

(f) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. A facsimile of the signature of any party on any counterpart shall be effective as the signature of such party for purposes of the effectiveness of this Agreement.

(g) This Agreement shall become effective immediately upon execution by the parties hereto and shall continue in full force and effect until the earliest of (i) the date on which (A) no Event of Default or Unmatured Event of Default exists *and* (B) all Benefited Parties direct the Collateral Agent to release the Collateral granted under the Collateral Documents and (ii) 91 days following the date upon which all Benefited Obligations are irrevocably paid in full and all

commitments under the Credit Agreement have been terminated. The Collateral Agent shall promptly notify each Noteholder and each Lender of any termination of this Agreement pursuant to *clause (i)* of the first sentence of this *subsection (g)*.

(h) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

(i) Nothing in this Agreement, in any Guaranty or in any Collateral Document, expressed or implied, is intended or shall be construed to confer upon or give to any Person other than the Benefited Parties any right, remedy or claim under or by reason of any such agreement or any covenant, condition or stipulation herein or therein contained; *provided* that the Debtors are intended beneficiaries of *subsections 2(c)* and *2(d)* and may enforce the provisions thereof against the Collateral Agent, each Lender and each Purchaser.

(j) In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(k) Notwithstanding any other provision of this Agreement, if at any time the Company is required to make any prepayment of the Notes pursuant to Section 8.7 of the Note Agreement (as in effect on the date hereof) and is required to concurrently reduce the amount of the Benefited Obligations arising under the Credit Agreement *and* the Company is not able to immediately reduce the amount of the Benefited Obligations under the Credit Agreement to the extent required because all or a portion of such Benefited Obligations are undrawn amounts under Letters of Credit, *then* the Company may pledge cash collateral to the Benefited Party or Benefited Parties holding such Benefited Obligations (or an agent therefor) in an amount equal to the amount that would have been paid to such Benefited Party or Benefited Parties if all applicable contingent Benefited Obligations had then been due and payable (any such cash collateral so pledged, "*Specific Collateral*"). All Specific Collateral held by any Benefited Party (or any agent therefor) shall be applied by such Benefited Party (or such agent) to pay Benefited Obligations arising under Letters of Credit promptly upon such Benefited Obligations becoming due and payable (and shall not apply any other funds from the Company or any other source to pay such amounts until the amount of Specific Collateral held by such Benefited Party (or such agent) has been reduced to zero). If and to the extent that any such Letter of Credit shall expire or terminate, the amount of cash held by the applicable Benefited Party (or the applicable agent) shall be delivered to the Collateral Agent for redistribution to the Benefited Parties in amounts so that each Benefited Party shall receive the amount of reduction of Benefited Obligations it would have received if such Letter of Credit had not been outstanding on the date of the applicable initial prepayment.

(l) ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; *PROVIDED* THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH OF THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT, EACH NOTEHOLDER AND (BY ACCEPTING THE BENEFITS HEREOF) EACH OTHER BENEFITED PARTY (A) EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE, (B) IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AND (C) HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(m) EACH OF THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT, EACH NOTEHOLDER AND (BY ACCEPTING THE BENEFITS HEREOF) EACH OTHER BENEFITED PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

BANK OF AMERICA, N.A., as Collateral Agent

By: _____

Title: _____

231 S. LaSalle Street
Chicago, IL 60697
Attention: David A. Johanson, Vice President
Telephone: (312) 828-7933
Facsimile: (312) 974-9102

BANK OF AMERICA, N.A., as Administrative Agent

By: _____

Title: _____

231 S. LaSalle Street
Chicago, IL 60697

Attention: David A. Johanson, Vice President
Telephone: (312) 828-7933
Facsimile: (312) 974-9102

[PURCHASERS]

ACKNOWLEDGMENT OF AND CONSENT TO INTERCREDITOR AGREEMENT

Each of the undersigned hereby acknowledges receipt of the foregoing Intercreditor Agreement, consents to the provisions thereof and agrees to subsection 7(l) thereof.

TELETECH HOLDINGS, INC.

By: _____

Name: _____

Title: _____

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE
MANAGEMENT (COLORADO), INC.
TELETECH FACILITIES MANAGEMENT
(POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE
MANAGEMENT (TELECOMMUNICATIONS), INC. TELETECH
FINANCIAL SERVICES
MANAGEMENT, LLC
TELETECH CUSTOMER CARE
MANAGEMENT (CALIFORNIA), INC.
TELETECH CUSTOMER CARE
MANAGEMENT (PENNSYLVANIA), LLC
CARABUNGA.COM, INC.
TELETECH CUSTOMER CARE
MANAGEMENT (TEXAS), INC.
TELETECH INTERNATIONAL
HOLDINGS, INC.
TELETECH SOUTH AMERICA
HOLDINGS, INC.
T-TEC LABS, INC.

By: _____

Title: _____

NEWGEN RESULTS CORPORATION

By: _____

Title: _____

TELETECH CUSTOMER SERVICES, INC.
TTEC NEVADA, INC.

By: _____

Title: _____

SCHEDULE I
CASH MANAGEMENT ARRANGEMENTS

Cash Management Banks

Bank of America, N.A.

SCHEDULE II
COLLATERAL DOCUMENTS

Security Agreement dated as of October 24, 2003 among the Debtors and the Collateral Agent

Pledge Agreement dated as of October 24, 2003 among the Company, various other Debtors and the Collateral Agent

Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (Colorado) dated as of October 24, 2003 made by TeleTech Services Corporation

Exhibit 10.8

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "*Agreement*") dated as of October 24, 2003 is among TELETECH HOLDINGS, INC., a Delaware corporation (the "*Company*"), each subsidiary of the Company listed on the signature pages hereof, such other subsidiaries of the Company as from time to time become parties hereto (collectively, including the Company, the "*Pledgors*" and each individually a "*Pledgor*") and BANK OF AMERICA, N.A. ("*Bank of America*"), in its capacity as collateral agent (in such capacity, the "*Collateral Agent*") under the Intercreditor Agreement referred to below.

W I T N E S S E T H:

WHEREAS, the Company, various financial institutions (the "*Lenders*") and Bank of America, as administrative agent (in such capacity, the "*Administrative Agent*"), have entered into a Credit Agreement dated as of October 29, 2002 (as amended, restated or otherwise modified from time to time, the "*Credit Agreement*");

WHEREAS, the Company is a party to a Note Agreement dated as of October 1, 2001 (as amended by the First Amendment to Note Purchase Agreement dated as of February 1, 2003, the Waiver and Second Amendment to Note Purchase Agreement dated as of August 1, 2003 and the Third Amendment to Note Purchase Agreement dated as of September 30, 2003, and as further amended, restated or otherwise modified from time to time, the "*Note Agreement*") with each of the purchasers listed on Schedule A thereto (the "*Purchasers*"; the Purchasers together with each other holder of a Note (as defined in the Intercreditor Agreement referred to below), collectively, the "*Noteholders*" and individually each a "*Noteholder*");

WHEREAS, each of the Pledgors (other than the Company) has guaranteed all obligations of the Company under the Credit Agreement, the Note Agreement and certain other financing arrangements;

WHEREAS, pursuant to an Intercreditor Agreement dated as of the date hereof (as amended, restated or otherwise modified from time to time, the "*Intercreditor Agreement*"), the Administrative Agent, on behalf of itself and the Lenders, the Purchasers and the Collateral Agent have agreed that (i) the Benefited Obligations (as defined in the Intercreditor Agreement) shall be secured and guaranteed *pari passu* and (ii) Bank of America shall act as collateral agent for the Benefited Parties (as defined in the Intercreditor Agreement); and

WHEREAS, the Benefited Obligations of each Pledgor are to be secured pursuant to this Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *Definitions.* When used herein, (a) the terms *Benefited Obligations*, *Benefited Parties*, *Event of Default*, *Financing Agreement*, *Note* and *Person* shall have the respective meanings assigned thereto in the Intercreditor Agreement; (b) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Financing Agreement; and (c) the following terms have the following meanings (such meanings to be applicable to both the singular and plural forms of such terms):

Administrative Agent—see the *Recitals*.

Agreement—see the *Preamble*.

Bank of America—see the *Preamble*.

Collateral—see *Section 2*.

Collateral Agent—see the *Preamble*.

Company—see the *Preamble*.

Credit Agreement—see the *Recitals*.

Default means the occurrence of any of the following events: (a) any Unmatured Event of Default under Section 8.01(f) or (g) of the Credit Agreement or Section 11(i) or (j) of the Note Agreement or (b) any Event of Default.

Intercreditor Agreement—see the *Recitals*.

Issuer means the issuer of any of the shares of stock or other securities representing all or any portion of the Collateral.

Lenders—see the *Recitals*.

Liabilities means, as to each Pledgor, all Benefited Obligations of such Pledgor.

Note Agreement—see the *Recitals*.

Noteholders—see the *Recitals*.

Pledgor—see the *Preamble*.

Unmatured Event of Default means any event which if it continues uncured will, with lapse of time or notice or both, constitute an Event of Default.

2. *Pledge.* As security for the payment of all Liabilities, each Pledgor hereby pledges to the Collateral Agent for the benefit of the Benefited Parties, and grants to the Collateral Agent for the benefit of the Benefited Parties a continuing security interest in, all of the following:

A. All of the shares of stock or other securities set forth under such Pledgor's name on *Schedule I* hereto, all of the certificates and/or instruments representing such shares of stock and other securities, and all cash, securities, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other securities;

B. All additional shares of stock of any of the Issuers listed in *Schedule I* hereto at any time and from time to time acquired by such Pledgor in any manner, all of the certificates representing such additional shares, and all cash, securities, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares;

C. All other property hereafter delivered to the Collateral Agent in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such property, and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof; and

D. All products and proceeds of all of the foregoing.

All of the foregoing are herein collectively called the "*Collateral*".

Each Pledgor agrees to deliver to the Collateral Agent, promptly upon receipt and in due form for transfer (i.e., endorsed in blank or accompanied by stock or bond powers executed in blank), any Collateral (other than dividends which such Pledgor is entitled to receive and retain pursuant to *Section 5* hereof) which may at any time or from time to time be in or come into the possession or control of such Pledgor; and prior to the delivery thereof to the Collateral Agent, such Collateral shall be held by such Pledgor separate and apart from its other property and in express trust for the Collateral Agent and for the benefit of the Benefited Parties.

3. *Warranties; Further Assurances.* Each Pledgor warrants to the Collateral Agent for the benefit of each Benefited Party that: (a) such Pledgor is (or at the time of any future delivery, pledge, assignment or transfer thereof will be) the legal and equitable owner of such Pledgor's Collateral free and clear of all liens, security interests and encumbrances of every description whatsoever other than the security interest hereunder; (b) the pledge and delivery of such Pledgor's Collateral to the Collateral Agent pursuant to this Agreement will create a valid first priority perfected security interest in such Collateral in favor of the Collateral Agent for the benefit of the Benefited Parties; (c) all shares of stock or other securities pledged by such Pledgor referred to in *Schedule I* hereto are duly authorized, validly issued, fully paid and non-assessable; (d) as to each Issuer whose name appears in *Schedule I* hereto, such Pledgor's Collateral represents on the date hereof not less than the applicable percentage (as shown in *Schedule I* hereto) of the total shares of capital stock issued and outstanding of such Issuer; and (e) the information contained in *Schedule I* hereto with respect to such Pledgor is true and accurate in all respects.

So long as any of the Liabilities shall be outstanding or any commitment shall exist on the part of any Benefited Party with respect to the creation of any Liabilities, each Pledgor (i) shall deliver such financing statements and other documents (and pay the costs of filing and recording the same in all public offices reasonably deemed necessary or appropriate by the Collateral Agent) and do such other acts and things, all as the Collateral Agent may from time to time reasonably request, to establish and maintain a valid, perfected security interest in the Collateral (free of all other liens, claims and rights of third parties whatsoever, other than the security interest hereunder) to secure the performance and payment of the Liabilities; (ii) will execute and deliver to the Collateral Agent such stock powers and similar documents relating to such Pledgor's Collateral, satisfactory in form and substance to the Collateral Agent, as the Collateral Agent may reasonably request; and (iii) will furnish each Benefited Party such information concerning such Pledgor's Collateral as such Benefited Party may from time to time reasonably request, and will permit any Benefited Party or any designee of a Benefited Party, from time to time at reasonable times and on reasonable notice, to inspect, audit and make copies of and extracts from all records and other papers in the possession of such Pledgor which pertain to the Collateral, and will, upon the reasonable request of the Collateral Agent, deliver to the Collateral Agent all of such records and papers.

4. *Holding in Name of Collateral Agent, etc.* The Collateral Agent may from time to time during the existence of a Default, without notice to any Pledgor, take all or any of the following actions: (a) transfer all or any part of such Pledgor's Collateral into the name of the Collateral Agent or any nominee or sub-agent for the Collateral Agent, with or without disclosing that such Collateral is subject to the lien and security interest hereunder; (b) notify the parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder; (c) endorse any checks, drafts or other writings in the name of the applicable Pledgor to allow collection of the Collateral; (d) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or renew for any period (whether or not longer than the original period) any obligation of any nature of any party with respect thereto; and (e) take control of any proceeds of the Collateral. The Collateral Agent may at any time and from time to time appoint one or more sub-agents or nominees for the purpose of retaining physical possession of the Collateral.

5. *Voting Rights, Dividends, etc.* (a) So long as the Collateral Agent has not given the notice referred to in *paragraph (b)* below:

A. The Pledgors shall be entitled to exercise any and all voting or consensual rights and powers and stock purchase or subscription rights relating or pertaining to the Collateral or any part thereof for any purpose; *provided* that each Pledgor agrees that it will not exercise any such right or power in any manner which would have a material adverse effect on the value of the Collateral.

B. The Pledgors shall be entitled to receive and retain any and all lawful dividends payable in respect of the Collateral which are paid in cash by any Issuer if such dividends are permitted by each of the Financing Agreements, but all other dividends and distributions (other than from the sale of any

of the Collateral, which amounts shall be applied in accordance with the terms of the Financing Agreements) in respect of the Collateral or any part thereof made in shares of stock or other property or representing any return of capital, whether resulting from a subdivision, combination or reclassification of Collateral or any part thereof or received in exchange for Collateral or any part thereof or as a result of any merger, consolidation, acquisition or other exchange of assets to which any Issuer may be a party or otherwise or as a result of any exercise of any stock purchase or subscription right, shall be and become part of the Collateral hereunder and, if received by any Pledgor, shall be forthwith delivered to the Collateral Agent in due form for transfer (i.e., endorsed in blank or accompanied by stock or bond powers executed in blank) to be held for the purposes of this Agreement.

C. The Collateral Agent shall execute and deliver, or cause to be executed and delivered, to the applicable Pledgor all such proxies, powers of attorney, dividend orders and other instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the rights and powers which it is entitled to exercise pursuant to *clause (A)* above and to receive the dividends which it is authorized to retain pursuant to *clause (B)* above.

(b) Upon notice from the Collateral Agent during the existence of a Default, and so long as the same shall be continuing, all rights and powers which the Pledgors are entitled to exercise pursuant to *Section 5(a)(A)* hereof, and all rights of the Pledgors to receive and retain dividends pursuant to *Section 5(a)(B)* hereof, shall forthwith cease, and all such rights and powers shall thereupon become vested in the Collateral Agent which shall have, during the existence of such Default, the sole and exclusive authority to exercise such rights and powers and to receive such dividends. Any and all money and other property paid over to or received by the Collateral Agent pursuant to this *paragraph (b)* shall be retained by the Collateral Agent as additional Collateral hereunder and applied in accordance with the provisions hereof.

6. *Remedies.* Whenever a Default exists, the Collateral Agent may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code as in effect in New York or otherwise available to it. Without limiting the foregoing, whenever a Default exists the Collateral Agent (a) may, to the fullest extent permitted by applicable law, without notice, advertisement, hearing or process of law of any kind, (i) sell any or all of the Collateral, free of all rights and claims of the Pledgors therein and thereto, at any public or private sale or brokers' board and (ii) bid for and purchase any or all of the Collateral at any such public sale and (b) shall have the right, for and in the name, place and stead of the applicable Pledgor, to execute endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral. Except as otherwise provided herein, each Pledgor hereby expressly waives, to the fullest extent permitted by applicable law, any and all notices, advertisements, hearings or process of law in connection with the exercise by the Collateral Agent of any of its rights and remedies during the existence of a Default. Any required notification of the intended disposition of any of the Collateral shall be deemed reasonably and properly given if mailed, postage prepaid to the address of the applicable Pledgor set forth below its signature hereto (or such other address as it shall have specified to the Collateral Agent as its address for notices hereunder) at least ten (10) days before such disposition. Any proceeds of any of the Collateral may be applied by the Collateral Agent to the payment of expenses in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by the Collateral Agent toward the payment of the Liabilities in accordance with the terms of the Intercreditor Agreement (and, after payment in full of all Liabilities, any excess shall be delivered to the applicable Pledgor or as a court of competent jurisdiction shall direct).

The Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with any sale of Collateral as it may be advised by counsel is necessary in order to (a) avoid any violation of applicable law (including, without limitation, compliance with such procedures as may restrict the number of prospective bidders and purchasers and/or further restrict such prospective bidders or purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral) or (b) obtain any required approval of the sale or of the purchase by any governmental regulatory authority or official, and each Pledgor agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner and that the Collateral Agent shall not be liable or accountable to any Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

Each Pledgor hereby appoints the Collateral Agent as the attorney-in-fact for such Pledgor for the purpose of carrying out the provisions of this Agreement and taking any action and executing or completing any instruments which the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest; *provided* that the Collateral Agent shall not exercise its rights as such attorney-in-fact unless a Default exists.

7. *General.* The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if it takes such action for that purpose as the applicable Pledgor shall request in writing, but failure of the Collateral Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Collateral Agent to preserve or protect any rights with respect to the Collateral against prior parties shall be deemed a failure to exercise reasonable care in the custody or preservation of any Collateral.

No delay on the part of the Collateral Agent in exercising any right, power or remedy shall operate as a waiver thereof, and no single or partial exercise of any such right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement shall be effective unless the same shall be in writing and signed and delivered by the Collateral Agent, and then such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

All obligations of the Pledgors and all rights, powers and remedies of the Benefited Parties expressed herein are in addition to all other rights, powers and remedies possessed by them, including, without limitation, those provided by applicable law or in any other written instrument or agreement relating to any of the Liabilities or any security therefor.

This Agreement shall be construed in accordance with and governed by the internal laws of the State of New York applicable to contracts made and to be performed entirely within such State (except to the extent that, pursuant to New York law, the perfection, the effect of perfection or nonperfection or the priority of any security interest granted hereunder may be determined in accordance with the laws of a different jurisdiction). Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

This Agreement shall be binding upon the Pledgors and the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of the Pledgors, the Collateral Agent, each Benefited Party and the respective successors and assigns of the Collateral Agent and the Benefited Parties.

Unless released in writing by the Collateral Agent, this Agreement shall remain in full force and effect until all Liabilities have been paid in cash in full and all commitments to create Liabilities have terminated.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, and each such counterpart shall be deemed an original but all such counterparts shall together constitute but one and the same Agreement. At any time after the date of this Agreement, one or more additional Persons may become parties hereto by executing and delivering to the Collateral Agent a counterpart of this Agreement together with a supplement to *Schedule I* hereto setting forth all relevant information with respect to such Person as of the date of such delivery. Immediately upon such execution and delivery (and without any further action), each such additional Person will become a party to, and will be bound by all the terms of, this Agreement.

ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER FINANCING AGREEMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; *PROVIDED* THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH PLEDGOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PLEDGOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, TO THE ADDRESS OF SUCH PLEDGOR SET FORTH BELOW ITS SIGNATURE HERETO (OR SUCH OTHER ADDRESS AS IT SHALL HAVE SPECIFIED IN WRITING TO THE COLLATERAL AGENT AS ITS ADDRESS FOR NOTICES HEREUNDER), OR BY PERSONAL SERVICE WITHIN OR OUTSIDE THE STATE OF NEW YORK. EACH PLEDGOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH PLEDGOR, THE COLLATERAL AGENT AND (BY ACCEPTING THE BENEFITS HEREOF) EACH OTHER BENEFITED PARTY HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER FINANCING AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the day and year first written above.

TELETECH HOLDINGS, INC.

By: _____

Title: _____

9197 Peoria Street
Englewood, CO 80112
Attention: Karen Breen, Treasurer
Facsimile: 303-397-8671

NEWGEN RESULTS CORPORATION

By: _____

Title: _____

9197 Peoria Street
Englewood, CO 80112
Attention: Karen Breen, Treasurer
Facsimile: 303-397-8671

TELETECH SERVICES CORPORATION

By: _____

Title: _____

9197 Peoria Street
Englewood, CO 80112

Attention: Karen Breen, Treasurer
Facsimile: 303-397-8671

TTEC NEVADA, INC.

By:
Title:

9197 Peoria Street
Englewood, CO 80112
Attention: Karen Breen, Treasurer
Facsimile: 303-397-8671

BANK OF AMERICA, N.A., as Collateral Agent for the Benefited Parties

By:

Title:

231 South LaSalle Street
Chicago, IL 60697
Attention: David A. Johanson, Vice President
Facsimile: 312-974-9102

Signature page for the Pledge Agreement dated as of October 24, 2003 among TeleTech Holdings, Inc., various subsidiaries thereof, and Bank of America, N.A., as Collateral Agent for the Benefited Parties referred to herein.

The undersigned is executing a counterpart hereof for purposes of becoming a party hereto (and attached to this signature page is a supplement to *Schedule I* to the Pledge Agreement setting forth all relevant information with respect to the undersigned):

[ADDITIONAL PLEDGOR]

By:

Title:

Address:

SCHEDULE I
TO PLEDGE AGREEMENT

STOCK

Pledgor	Issuer	Certificate No.	No. of Pledged Shares	Total Shares of Issuer	Pledged Shares as % of Total Shares Issued and Outstanding
Newgen Results Corporation	Carabunga.com, Inc.	C-02	1000	1000	100%
TeleTech Holdings, Inc.	Newgen Results Corporation	2	10	100	100%
TeleTech Holdings, Inc.	TeleTech Customer Care Management (California), Inc.	13 and 14	25,000	25,000	100%
TeleTech Holdings, Inc.	TeleTech Customer Care Management (Colorado), Inc.	002	500	500	100%
TeleTech Services Corporation	TeleTech Customer Care Management (Pennsylvania), LLC	02	100	100	100%
TeleTech Services Corporation	TeleTech Customer Care Management	1	10	10	100%

	(Telecommunications), Inc.				
TeleTech Services Corporation	TeleTech Customer Care Management (Texas), Inc.	002	1000	1000	100%
TTEC Nevada, Inc.	TeleTech Customer Services, Inc.	01	10	10	100%
TeleTech Services Corporation	TeleTech Facilities Management (Postal Customer Support), Inc.	1	10	10	100%
TeleTech Services Corporation	TeleTech Financial Services Management, LLC.	02	100	100	100%
TeleTech Holdings, Inc.	TeleTech International Holdings, Inc.	02	100	100	100%
TeleTech Holdings, Inc.	TeleTech Services Corporation	02	500	500	100%
TeleTech Holdings, Inc.	TeleTech South America Holdings, Inc.	02	100	100	100%
TeleTech Holdings, Inc.	T-TEC LABS, Inc. (f/k/a TeleTech f/k/a/ TeleTech (Technology Development and Integration), Inc.)	1	10	10	100%
TeleTech Holdings, Inc.	TTEC Nevada, Inc.	01	10	10	100%

QuickLinks

Exhibit 10.9

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "*Agreement*") dated as of October 24, 2003 is among TELETECH HOLDINGS, INC., a Delaware corporation (the "*Company*"), each subsidiary of the Company listed on the signature pages hereof, such other subsidiaries of the Company as from time to time become parties hereto (together with the Company, each individually a "*Debtor*" and collectively the "*Debtors*") and BANK OF AMERICA, N.A. ("*Bank of America*"), in its capacity as collateral agent (in such capacity, the "*Collateral Agent*") under the Intercreditor Agreement referred to below.

W I T N E S S E T H:

WHEREAS, the Company, various financial institutions (the "*Lenders*") and Bank of America, as administrative agent (in such capacity, the "*Administrative Agent*"), have entered into a Credit Agreement dated as of October 29, 2002 (as amended, restated or otherwise modified from time to time, the "*Credit Agreement*");

WHEREAS, the Company is a party to a Note Agreement dated as of October 1, 2001 (as amended by the First Amendment to Note Purchase Agreement dated as of February 1, 2003, the Waiver and Second Amendment to Note Purchase Agreement dated as of August 1, 2003 and the Third Amendment to Note Purchase Agreement dated as of September 30, 2003, and as further amended, restated or otherwise modified from time to time, the "*Note Agreement*") with each of the purchasers listed on Schedule A thereto (the "Purchasers"; the Purchasers together with each other holder of a Note (as defined in the Intercreditor Agreement referred to below), collectively, the "*Noteholders*" and individually each a "*Noteholder*");

WHEREAS, each of the Debtors (other than the Company) has guaranteed all obligations of the Company under the Credit Agreement, the Note Agreement and certain other financing arrangements, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Debtors (other than the Company) has reaffirmed its obligations under such guarantees by entering into (a) the Confirmation attached to the Third Amendment, dated as of October 24, 2003, to the Credit Agreement, and (b) the Reaffirmation of Guaranty attached to the Third Amendment, dated as of September 30, 2003, to the Note Agreement;

WHEREAS, pursuant to an Intercreditor Agreement dated as of the date hereof (as amended, restated or otherwise modified from time to time, the "*Intercreditor Agreement*"), the Administrative Agent, on behalf of itself and the Lenders, the Purchasers and the Collateral Agent have agreed that (i) the Benefited Obligations (as defined in the Intercreditor Agreement) shall be secured and guaranteed *pari passu* and (ii) Bank of America shall act as collateral agent for the Benefited Parties (as defined in the Intercreditor Agreement); and

WHEREAS, the Benefited Obligations of each Debtor are to be secured pursuant to this Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions; Interpretation. When used herein, (a) the terms *Account*, *Account Debtor*, *Certificated Security*, *Commercial Tort Claim*, *Commodity Account*, *Commodity Contract*, *Chattel Paper*, *Deposit Account*, *Document*, *Equipment*, *Fixture*, *Goods*, *Inventory*, *Investment Property*, *Instrument*, *Security*, *Security Entitlement*, *Securities Account* and *Uncertificated Security* shall have the respective meanings assigned to such terms in the UCC (as defined below), (b) the terms *Benefited Obligations*, *Benefited Parties*, *Event of Default*, *Financing Agreement*, *Note* and *Person* shall have the respective meanings assigned to such terms in the Intercreditor Agreement, (c) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Financing Agreement and (d) the following terms have the following meanings (such definitions to be applicable to both the singular and plural forms of such terms):

Administrative Agent—see the *Recitals*.

Agreement—see the *Preamble*.

Assignee Deposit Account—see *Section 4*.

Bank of America—see the *Preamble*.

Business Day means any day on which Bank of America is open for commercial banking business in Charlotte, Chicago, New York and San Francisco.

Collateral means, with respect to any Debtor, all property and rights of such Debtor in which a security interest is granted hereunder.

Collateral Agent—see the *Preamble*.

Company—see the *Preamble*.

Computer Hardware and Software means, with respect to any Debtor, (i) all computer and other electronic data processing hardware, whether now or hereafter owned, licensed or leased by such Debtor, including, without limitation, all integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware; (ii) all software programs, whether now or hereafter owned,

licensed or leased by such Debtor, designed for use on the computers and electronic data processing hardware described in *clause (i)* above, including, without limitation, all operating system software, utilities and application programs in whatsoever form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (iii) all firmware associated with the foregoing, whether now or hereafter owned, licensed or leased by such Debtor; and (iv) all documentation for the hardware, software and firmware described in the preceding *clauses (i)*, *(ii)* and *(iii)* above, whether now or hereafter owned, licensed or leased by such Debtor, including, without limitation, flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes.

Costs and Expenses means, with respect to any Debtor, all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Collateral Agent in connection with (i) the execution, delivery and performance of this Agreement by such Debtor, (ii) protecting, preserving or maintaining any Collateral of such Debtor and (iii) enforcing any rights of the Collateral Agent hereunder in respect of the Collateral of such Debtor.

Credit Agreement—see the *Recitals*.

Debtor—see the *Preamble*.

Default means the occurrence of any of the following events: (a) any Unmatured Event of Default under Section 8.01(f) or (g) of the Credit Agreement or Section 11(i) or (j) of the Note Agreement or (b) any Event of Default.

General Intangibles means, with respect to any Debtor, all of such Debtor's "general intangibles" as defined in the UCC and, in any event, includes (without limitation) all of such Debtor's trademarks, trade names, patents, copyrights, trade secrets, customer lists, inventions, designs, software programs, mask works, goodwill, registrations, licenses, franchises, tax refund claims, guarantee claims, security interests and rights to indemnification.

Intellectual Property means all past, present and future: trade secrets and other proprietary information; trademarks, service marks, business names, designs, logos, indicia, and/or other source and/or business identifiers and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including, without limitation, copyrights for computer programs) and copyright registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world and all tangible property embodying the copyrights; unpatented inventions (whether or not patentable); patent applications and patents; industrial designs, industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; mask works, books, records, writings, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future infringements of any of the foregoing; and all common law and other rights throughout the world in and to all of the foregoing.

Intercreditor Agreement—see the *Recitals*.

Lenders—see the *Recitals*.

Liabilities means, as to each Debtor, all Benefited Obligations of such Debtor.

Non-Tangible Collateral means, with respect to any Debtor, such Debtor's Accounts and General Intangibles.

Note Agreement—see the *Recitals*.

Noteholders—see the *Recitals*.

Permitted Liens means liens and claims expressly permitted by each Financing Agreement.

UCC means the Uniform Commercial Code as in effect from time to time in the State of New York.

Unmatured Event of Default means any event which if it continues uncured will, with lapse of time or notice or both, constitute an Event of Default.

2. *Grant of Security Interest.* As security for the payment of all of its Liabilities, each Debtor hereby assigns to the Collateral Agent for the benefit of the Benefited Parties, and grants to the Collateral Agent for the benefit of the Benefited Parties a continuing security interest in, all of such Debtor's right, title and interest in the following:

(i) Accounts;

(ii) Chattel Paper;

(iii) Computer Hardware and Software and all rights with respect thereto, including, without limitation, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;

(iv) Deposit Accounts;

(v) Documents;

(vi) General Intangibles;

(vii) Goods (including, without limitation, all of its Equipment, Fixtures and Inventory), together with all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;

(viii) Instruments (together with all guaranties thereof and security therefor);

(ix) Intellectual Property;

(x) money (of every jurisdiction whatsoever);

(xi) Investment Property (including Commodity Accounts, Commodity Contracts, Securities (whether Certificated Securities or Uncertificated Securities), Security Entitlements and Securities Accounts);

(xii) Commercial Tort Claims; and

(xiii) to the extent not included in the foregoing, other personal property of any kind or description;

in each case whether now or hereafter existing or acquired, together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to any of the foregoing, all proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing, all distributions on or rights arising out of any of the foregoing, and all claims and/or insurance payments arising out of the loss, nonconformity or interference with the use of, or infringements of rights in, or damage to, any of the foregoing. Notwithstanding anything to the contrary contained herein, the security interests granted under this Agreement shall not extend to (a) any property of a Debtor that is subject to a Lien permitted by Section 7.01(d), (e), (h), (k) or (l) (but in the case of Section 7.01(l), solely with respect to purchase money security interests or leases of equipment or other personal property and so long as the senior Lien attaches only to the property so acquired or leased) of the Credit Agreement and Section 10.5(c), (h), (i) or (j) of the Note Agreement pursuant to an agreement or an applicable law that prohibits such Debtor from granting any other Lien in such property, *provided* that (i) such Debtor agrees to use commercially reasonable efforts to avoid any such provision in any agreement (and cause the removal of any such prohibition from any existing agreement) and to obtain all necessary approvals to permit the Lien of the Collateral Agent on any such property and (ii) such debtor agrees not to enter into any such agreement after the date hereof other than purchase money contracts and leases of equipment or other personal property; (b) any lease, license or other contract if the grant of a security interest in such property in the manner contemplated by this Agreement is prohibited thereunder or by law and would result in the termination of, or any claim for damages or the availability of any other remedial action under, such lease, license or other contract, but only, in the case of both *clause (a)* and *clause (b)* above, to the extent that such prohibition is not rendered ineffective by the UCC, any other applicable law or general principles of equity (it being understood that if and when any such prohibition is removed, the Collateral Agent will be deemed to have been granted a security interest in the applicable property, lease, license or other contract as of the date hereof, and the Collateral will be

deemed to include such property, lease, license or other contract); (c) any equity interests of a Foreign Subsidiary (as defined in the Credit Agreement); or (d) any property that is subject to (1) Task Order V ((TeleTech Owned Solution Center) GTE.Net LLC d/b/a Verizon Internet Solutions and TeleTech Customer Care Management (Telecommunications), Inc.), effective May 1, 1999, or (2) Task Order VI (Verizon Select Services Inc. f/k/a GTE Communications Corporation and TeleTech Customer Care Management (Telecommunications), Inc.), effective June 1, 2000, each of which was entered into in connection with the Client Services Agreement between TeleTech Customer Care Management (Telecommunications), Inc. and GTE Card Services Incorporated d/b/a GTE Solutions (predecessor in interest to Verizon Internet Solutions), effective July 1, 1999, as amended, in each case as in effect on the date hereof, so long as a negative pledge exists with respect to such property.

3. *Warranties*. Each Debtor warrants that: (i) no financing statement (other than any which may have been filed on behalf of the Collateral Agent for the benefit of the Benefited Parties) covering any of the Collateral is on file in any public office, other than financing statements related to Permitted Liens or Liens that have been terminated (and such Debtor agrees to use commercially reasonable efforts to promptly terminate all financing statements relating to such terminated Liens); (ii) such Debtor is and will be the lawful owner of all Collateral, free of all liens and claims whatsoever, other than the security interest hereunder and Permitted Liens, with full power and authority to execute and deliver this Agreement, to perform such Debtor's obligations hereunder and to subject the Collateral to the security interest hereunder; (iii) all information with respect to Collateral and Account Debtors set forth in any schedule, certificate or other writing furnished in connection with this Agreement or any Financing Agreement by such Debtor to the Collateral Agent or any other Benefited Party will be true and correct in all material respects as of the date furnished; (iv) such Debtor's true legal name as registered in the jurisdiction in which such Debtor is organized or incorporated, state of organization or incorporation, federal employer identification number, organizational identification number as designated by the state of its organization or incorporation, chief executive office and principal place of business are as set forth on *Schedule I* (and, except as set forth on *Schedule I*, such Debtor has not maintained its chief executive office and principal place of business at any other location at any time after October 1, 1998); (v) each other location within the United States where such Debtor maintains a place of business or has any Goods is set forth on *Schedule II* hereto; (vi) except as disclosed on *Schedule III*, such Debtor is not now known and during the five years preceding the date hereof has not previously been known by any trade name; (vii) except as disclosed on *Schedule III*, during the five years preceding the date hereof, such Debtor has not been known by any legal name different from the one set forth on the signature page of this Agreement, nor has such Debtor been the subject of any merger or other corporate reorganization; (viii) *Schedule IV* hereto contains a complete listing of all of such Debtor's Intellectual Property which is registered under applicable registration statutes and (ix) upon the filing of financing statements on Form UCC-1 in the appropriate governmental offices, the Collateral Agent will have a valid lien upon and perfected security interest in all of the Collateral in which a security interest can be perfected by filing under the UCC (subject only to Permitted Liens).

4. *Collections, etc*. The Collateral Agent may, at any time that a Default exists, whether before or after the maturity of any of the Liabilities, notify any parties obligated on any of the Non-Tangible Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder and enforce collection of any of the Non-Tangible Collateral by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Promptly following any request of the Collateral Agent during the existence of a Default, each Debtor will, at its own expense, notify any parties obligated on any of the Non-Tangible Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder.

Upon request by the Collateral Agent during the existence of a Default, each Debtor will forthwith, upon receipt, transmit and deliver to the Collateral Agent, in the form received, all cash, checks, drafts and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by the Collateral Agent) which may be received by such Debtor at any time in full or partial payment or otherwise as proceeds of any of the Collateral. Except as the Collateral Agent may otherwise consent in writing, any such items requested to be delivered to the Collateral Agent pursuant to the preceding sentence which may be so received by any Debtor will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds or property and upon express trust for the Collateral Agent for the benefit of the Benefited Parties until delivery is made to the Collateral Agent. Each Debtor will comply with the terms and conditions of any consent given by the Collateral Agent pursuant to the foregoing sentence.

Upon request by the Collateral Agent during the existence of a Default, all items or amounts which are delivered by any Debtor to the Collateral Agent on account of partial or full payment or otherwise as proceeds of any of the Collateral shall be deposited to the credit of a deposit account (each an "*Assignee Deposit Account*") of such Debtor maintained with the Collateral Agent, as security for payment of the Liabilities. No Debtor shall have any right to withdraw any funds deposited in the applicable Assignee Deposit Account. The Collateral Agent may, from time to time, in its discretion, and shall upon request of the applicable Debtor made not more than once in any week, apply all or any of the then balance, representing collected funds, in the Assignee Deposit Account, toward payment of the Liabilities, whether or not then due, in accordance with the terms of the Intercreditor Agreement, and the Collateral Agent may, from time to time, in its discretion, release all or any of such balance to the applicable Debtor.

During the existence of a Default, the Collateral Agent is authorized to endorse, in the name of the applicable Debtor, any item, howsoever received by the Collateral Agent, representing any payment on or other proceeds of any of the Collateral.

No Debtor shall maintain any Deposit Account or deposit any items or amounts in any Deposit Account, except (i) Deposit Accounts maintained with the Collateral Agent, (ii) Deposit Accounts maintained in a jurisdiction outside the United States and (iii) Deposit Accounts as to which such Debtor, the Collateral Agent and the depository bank have entered into an agreement that the depositary bank will comply with instructions originated by the Collateral Agent directing disposition of the funds in the account without further consent by such Debtor; *provided* that the Collateral Agent shall not provide such instructions unless a Default exists.

Each Debtor hereby appoints the Collateral Agent as the attorney-in-fact for such Debtor for the purpose of carrying out the provisions of this Agreement and taking any action and executing or completing any instruments which the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest; *provided* that the Collateral Agent shall not exercise its rights as such attorney-in-fact unless a Default exists.

5. *Certificates, Schedules and Reports.* Each Debtor will, from time to time, deliver to the Collateral Agent and any Benefited Party such schedules, certificates and reports respecting all or any of the Collateral at the time subject to the security interest hereunder, and the items or amounts received by such Debtor in full or partial payment of any of the Collateral, as the Collateral Agent or such Benefited Party may reasonably request.

6. *Agreements of the Debtors.* Each Debtor (a) will, from time to time, deliver to the Collateral Agent such financing statements and other documents (and pay the cost of filing or recording the same in all public offices reasonably deemed appropriate by the Collateral Agent) and do such other acts and things (including, without limitation, delivery to the Collateral Agent of any Instruments or Certificated Securities which constitute Collateral), as are necessary or as the Collateral Agent may reasonably request, to establish and maintain a valid, perfected security interest in the Collateral (free of all other liens, claims and rights of third parties whatsoever, other than Permitted Liens) to secure the payment of the Liabilities (and each Debtor hereby authorizes the Collateral Agent to file any financing statement without its signature, to the extent permitted by applicable law, and/or to file a copy of this Agreement as a financing statement in any jurisdiction), *provided* that, unless requested by the Collateral Agent during the existence of a Default, no Debtor shall be required to take any action to perfect the Collateral Agent's security interest in Collateral located outside the United States (it being understood that accounts receivable owed to a Debtor by a non-United States Person shall be deemed to be located in the United States); (b) will keep all its Inventory (other than Inventory located outside the United States) at, and will not maintain any place of business at any location other than, its address(es) shown on *Schedules I* and *II* hereto or at such other addresses of which such Debtor shall have given the Collateral Agent not less than 10 days' prior written notice; (c) will not change its state of organization or incorporation or its name, identity or corporate structure such that any financing statement filed to perfect the Collateral Agent's interests under this Agreement would become seriously misleading, unless such Debtor shall have given the Collateral Agent not less than 30 days' (or such shorter period as may be approved by the Collateral Agent in its sole discretion) prior notice of such change; (d) will keep complete records concerning the Non-Tangible Collateral consistent with prudent business practices for similarly-situated companies; (e) will furnish the Collateral Agent such information concerning such Debtor, the Collateral and the Account Debtors of such Debtor as the Collateral Agent may from time to time reasonably request; (f) will, upon request of the Collateral Agent during the existence of a Default, stamp on its records concerning the Collateral and add on all Chattel Paper constituting a portion of the Collateral, a notation, in form satisfactory to the Collateral Agent, of the security interest of the Collateral Agent hereunder; (g) without limiting the provisions of Section 6.07 of the Credit Agreement or Section 9.2 of the Note Agreement, will at all times keep all its Inventory and other Goods insured under policies maintained with reputable, financially sound insurance companies against loss, damage, theft and other risks to such extent as is customarily maintained by companies similarly situated, and cause all such policies to provide that loss thereunder shall be payable to the Collateral Agent as its interest may appear (it being understood that (A) so long as no Default shall be existing, the Collateral Agent shall promptly deliver any proceeds of such insurance which may be received by it to such Debtor and (B) whenever a Default shall be existing, the Collateral Agent may apply any proceeds of such insurance which may be received by it toward payment of the Liabilities, whether or not due, in accordance with the terms of the Intercreditor Agreement) and such policies or certificates thereof shall, if the Collateral Agent so requests, be deposited with or furnished to the Collateral Agent; (h) will take such actions as are reasonably necessary to keep its Inventory in good repair and condition, ordinary wear and tear excepted; (i) without limiting the provisions of Section 6.06 of the Credit Agreement or Section 9.3 of the Note Agreement, will take such actions as are reasonably necessary to keep its Equipment in good repair and condition and in good working or running order, ordinary wear and tear excepted; (j) without limiting the provisions of Section 6.04 of the Credit Agreement or Section 9.4 of the Note Agreement, will promptly pay when due all license fees, registration fees, taxes, assessments and other charges which may be levied upon or assessed against the ownership, operation, possession, maintenance or use of its Equipment and other Goods (as applicable); *provided* that such Debtor shall not be required to pay any such fee, tax, assessment or other charge if the validity thereof is being contested by such Debtor in good faith by appropriate proceedings; (k) will, promptly upon request of the Collateral Agent during the existence of a Default, (I) cause the security interest of the Collateral Agent to be noted on each certificate of title covering Equipment specified by the Collateral Agent and

(II) deliver all such certificates to the Collateral Agent or its designee; (l) will take all steps reasonably necessary to protect, preserve and maintain all of its rights in the Collateral, *provided* that nothing in this *clause (l)* shall limit the ability of such Debtor to dispose of any Collateral pursuant to a transaction that is not otherwise prohibited by the Credit Agreement or the Note Agreement; (m) will permit the Collateral Agent and its designees, from time to time, on reasonable notice and at reasonable times and intervals during normal business hours (or at any time without notice during the existence of a Default) to inspect such Debtor's Inventory and other Goods, and to inspect, audit and make copies of and extracts from all records and other papers in the possession of such Debtor pertaining to the Collateral and the Account Debtors, and will, upon reasonable request of the Collateral Agent during the existence of a Default, deliver to the Collateral Agent all of such records and papers; (n) will not create or permit to exist any lien on or security interest in any Collateral other than Permitted Liens and liens and security interests in favor of the Collateral Agent; (o) will, within one Business Day following the termination of any account control agreement with respect to a Deposit Account or Securities Account maintained by such Debtor, cause all amounts on deposit in such account (and, in the case of a Deposit Account, within one Business Day after receipt, all amounts deposited to such account following such termination) to be transferred to an account with another financial institution that is subject to an account control agreement with the Collateral Agent that is in form and substance reasonably satisfactory to the Collateral Agent; (p) will not open any Deposit Account or Securities Account (other than Deposit Accounts and Securities Accounts maintained outside the United States) after the date hereof unless, concurrently with such opening, such account is made subject to a control agreement in favor of the Collateral Agent that is in form and substance reasonably acceptable to the Collateral Agent (it being understood that any such control agreement with Bank of America shall be in substantially the same form as the account control agreement being entered into with Bank of America concurrently herewith); (r) will not fund any payroll account maintained by such Debtor (i) with amounts in excess of the amount necessary to make the next payroll or (ii) earlier than three Business Days prior to the date on which payroll must be made; and (s) will, promptly upon any Responsible Officer (as defined in the Credit Agreement), the general counsel or any assistant general counsel of such Debtor obtaining knowledge that such Debtor has acquired a Commercial Tort Claim having a value reasonably expected to exceed $500,000, notify the Collateral Agent in a writing signed by such Debtor of the details of such commercial tort claim and grant to the Collateral Agent in such writing a security interest therein and in the proceeds thereof, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent.

Whenever a Default shall be existing, the Collateral Agent shall have the right to bring suit to enforce any or all of the Intellectual Property or licenses thereunder, in which event the applicable Debtor shall at the request of the Collateral Agent do any and all lawful acts and execute any and all proper documents required by the Collateral Agent in aid of such enforcement and such Debtor shall promptly, upon demand, reimburse and indemnify the Collateral Agent for all Costs and Expenses. Notwithstanding the foregoing, neither the Collateral Agent nor any other Benefited Party shall have any obligation or liability regarding the Collateral or any thereof by reason of, or arising out of, this Agreement.

7. *Default.* (a) Whenever a Default shall be existing, the Collateral Agent may exercise from time to time any rights and remedies available to it under the UCC and any other applicable law (in addition to those described below).

(b) Each Debtor agrees, at the Collateral Agent's request during the existence of a Default, (i) to assemble, at its expense, all its Inventory and other Goods (other than Fixtures) at a convenient place or places acceptable to the Collateral Agent, and (ii) to execute all such documents and do all such other things which may be necessary or desirable in order to enable the Collateral Agent or its nominee to be registered as owner of the Intellectual Property with any competent registration authority.

(c) Notice of the intended disposition of any Collateral may be given by first-class mail, hand-delivery (through a delivery service or otherwise), facsimile or E-mail, and shall be deemed to have been "sent" upon deposit in the United States mail with adequate postage properly affixed, upon delivery to an express delivery service or upon the electronic submission through telephonic or Internet services, as applicable. Each Debtor hereby agrees and acknowledges that (i) with respect to Collateral that is: (A) perishable or threatens to decline speedily in value or (B) is of a type customarily sold on a recognized market, no notice of disposition need be given; and (ii) with respect to Collateral not described in *clause (i)*above, notification sent after a Default and ten days before any proposed disposition provides notice with a reasonable time before disposition.

(d) Each Debtor hereby agrees and acknowledges that a commercially reasonable disposition of Inventory, Equipment, Computer Hardware and Software or Intellectual Property may be by lease or license of, in addition to the sale of, such Collateral. Each Debtor further agrees and acknowledges that a disposition (i) made in the usual manner on any recognized market, (ii) at the price current in any recognized market at the time of disposition or (iii) in conformity with reasonable commercial practices among dealers in the type of property subject to the disposition shall, in each case, be deemed commercially reasonable.

(e) Any cash proceeds of any disposition by the Collateral Agent of any of the Collateral shall be applied by the Collateral Agent to the payment of Costs and Expenses and thereafter to the payment of any and all of the other Liabilities in accordance with the terms of the Intercreditor Agreement, and thereafter any surplus will be paid to the applicable Debtor or as a court of competent jurisdiction shall direct. The Collateral Agent need not apply or pay over for application noncash proceeds of collection and enforcement unless (i) the failure to do so would be commercially unreasonable and (ii) the applicable Debtor has provided the Collateral Agent with a written demand to apply or pay over such noncash proceeds on such basis.

8. *General.* The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as any applicable Debtor requests in writing, but failure of the Collateral Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Collateral Agent to preserve or protect any rights with respect to the Collateral against prior parties, or to do any act with respect to the preservation of the Collateral not so requested by any Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral.

Any notice hereunder shall be in writing (including facsimile transmission) and shall be sent to the applicable party at the address of its chief executive office shown on *Schedule I* (or, in the case of the Collateral Agent, underneath its signature hereto) or at such other address as such party may have designated as its address for such purpose by (i) written notice received by the Collateral Agent or (ii) in the case of a change of the Collateral Agent's address, written notice received by the Company (which shall be conclusively presumed to have been received by all other parties).

No delay on the part of the Collateral Agent in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Collateral Agent of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

Unless released in writing by the Collateral Agent, this Agreement shall remain in full force and effect until all Liabilities have been paid in cash in full and all commitments to create Liabilities have terminated. If at any time all or any part of any payment theretofore applied by the Collateral Agent or any other Benefited Party to any of the Liabilities is or must be rescinded or returned by the Collateral Agent or any other Benefited Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of any Debtor), such Liabilities shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Collateral Agent or such Benefited Party, and this Agreement shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application by the Collateral Agent or such Benefited Party had not been made.

This Agreement shall be construed in accordance with and governed by the laws of the State of New York applicable to contracts made and to be performed entirely within such State (except to the extent that, pursuant to New York law, the perfection, the effect of perfection or nonperfection or the priority of any security interest granted hereunder may be determined in accordance with the laws of a different jurisdiction). Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

This Agreement shall be binding upon the Debtors and the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of the Debtors, the Collateral Agent, each Benefited Party and the respective successors and assigns of the Collateral Agent and the Benefited Parties.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. At any time after the date of this Agreement, one or more additional Persons may become parties hereto by executing and delivering a counterpart to the Collateral Agent of this Agreement (including supplements to the Schedules hereto). Immediately upon such execution and delivery (and without any further action), each such additional Person will become a party to, and will be bound by all the terms of, this Agreement.

ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER FINANCING AGREEMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; *PROVIDED* THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND OR IN ANY JURISDICTION IN WHICH A BANKRUPTCY, INSOLVENCY OR OTHER SIMILAR LEGAL OR EQUITABLE PROCEEDING IS PENDING AGAINST ANY ONE OR MORE OF THE DEBTORS. EACH DEBTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH DEBTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, TO THE ADDRESS SET FORTH ON *SCHEDULE I* HERETO (OR SUCH OTHER ADDRESS AS IT SHALL HAVE SPECIFIED IN WRITING TO THE COLLATERAL AGENT AS ITS ADDRESS FOR NOTICES HEREUNDER) OR BY PERSONAL SERVICE WITHIN OR OUTSIDE THE STATE OF NEW YORK. EACH DEBTOR HEREBY EXPRESSLY AND IRREVOCABLY

WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY DEBTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH DEBTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND EACH OTHER FINANCING AGREEMENT.

EACH DEBTOR, THE COLLATERAL AGENT AND (BY ACCEPTING THE BENEFITS HEREOF) EACH OTHER BENEFITED PARTY HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER FINANCING AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

TELETECH HOLDINGS, INC.

By: _____

Title: _____

TELETECH SERVICES CORPORATION
TELETECH CUSTOMER CARE MANAGEMENT
(COLORADO), INC.
TELETECH FACILITIES MANAGEMENT

(POSTAL CUSTOMER SUPPORT), INC.
TELETECH CUSTOMER CARE MANAGEMENT (TELECOMMUNICATIONS), INC.
TELETECH FINANCIAL SERVICES MANAGEMENT, LLC
TELETECH CUSTOMER CARE MANAGEMENT (CALIFORNIA), INC.
TELETECH CUSTOMER CARE MANAGEMENT (PENNSYLVANIA), LLC
CARABUNGA.COM, INC.
TELETECH CUSTOMER CARE MANAGEMENT (TEXAS), INC.
TELETECH INTERNATIONAL HOLDINGS, INC.
TELETECH SOUTH AMERICA HOLDINGS, INC.
T-TEC LABS, INC.

By: _____

Title: _____

NEWGEN RESULTS CORPORATION

By: _____

Title: _____

TELETECH CUSTOMER SERVICES, INC.
TTEC NEVADA, INC.

By: _____

Title: _____

BANK OF AMERICA, N.A., as Collateral Agent

By: _____

Title: _____

231 South LaSalle Street
Chicago, IL 60697
Attention: David A. Johanson, Vice President
Facsimile: 312-974-9102

ADDITIONAL SIGNATURE PAGE to the Security Agreement dated as of October 24, 2003 (the "*Security Agreement*") among TeleTech Holdings, Inc. (the "*Company*"), Bank of America, N.A., as Collateral Agent, and various Subsidiaries of the Company.

The undersigned is executing a counterpart of this Security Agreement for purposes of becoming a party hereto (and attached hereto are supplemental schedules setting forth information with respect to the undersigned required to make the representations and warranties with respect to the undersigned set forth in this Security Agreement accurate as of the date hereof):

[NAME OF SUBSIDIARY]

By: _____

Name:

Title:

Date:

SCHEDULE I
TO SECURITY AGREEMENT

Corporate Information

Subsidiary	FEIN	State of Incorporation	State Org ID	Chief Executive Office/ Principle Place of Business
TeleTech Holdings, Inc.	84-1291044	DE	2464275	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com Principal Place of Business from September 1, 1998 to June 30, 2001: 1700 Lincoln, 14th Floor Denver, CO 80202
Carabunga.com. Inc.	33-0902188	DE	3176689	10243 Genetic Center Drive San Diego, CA 92121 Attn: Secretary Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
Newgen Results Corporation	33-0604378	DE	2937699	10243 Genetic Center Drive San Diego, CA 92121 Attn: Secretary Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Customer Care Management (CA), Inc.	95-3822608	CA	C1160673	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Customer Care Management (CO), Inc.	84-1218090	CO	19921111145	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Customer Care Management (PA), LLC	91-2089070	PA	2975136	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Customer Care Management (Telecommunications), Inc.	84-1382879	DE	2702728	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Customer Care Management (TX), Inc.	84-1564938	TX	143944000	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Customer Services, Inc.	84-1504927	NV	13090-1999	101 Convention Center Drive

				Suite 850 Las Vegas, Nevada, USA 89109 Attn: Monte Miller Facsimile: 702-598-3651 Email: nhs@nevhold.com
TeleTech Facilities Management (Postal Customer Support), Inc.	84-1356609	DE	2657736	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Financial Services Management, LLC	91-2089159	DE	3323158	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech International Holdings, Inc.	84-1585263	DE	3352638	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech Services Corporation	84-1366615	CO	19961109819	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TeleTech South America Holdings, Inc.	84-1517050	DE	2924933	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
T-TEC LABS, INC. (f/k/a TeleTech f/k/a TeleTech Technology Development and Integration, Inc.)	84-1409664	DE	2743653	9197 S. Peoria Street Denver, CO 80112 Attn: General Counsel Facsimile: 303-397-8677 Email: sharonoleary@teletech.com
TTEC Nevada, Inc.	84-1504932	NV	13089-1999	101 Convention Center Drive Suite 850 Las Vegas, Nevada, USA 89109 Attn: Monte Miller Facsimile: 702- 598-3651 Email: nhs@nevhold.com

SCHEDULE II
TO SECURITY AGREEMENT

Addresses Of All Locations At Which Goods Are Located
(Specify whether such location is owned or leased by the applicable Debtor)

Location	Address	Owner/Lessee/Contractor	Leased/Owned
Atlanta	2975 Breckenridge Blvd, Atlanta, GA 30096	TeleTech Customer Care Management (CO), Inc.	Leased*
Birmingham	6501 EJ Oliver Blvd, Fairfield, AL 35064	TeleTech Customer Care Management (CO), Inc.	Leased
Bremerton	1400 NE McWilliams Road, Bremerton, WA 98311	TeleTech Customer Care Management (CO), Inc.	Leased*
Corporate Headquarters	9197 S. Peoria Street, Englewood, CO 80112	TeleTech Services Corporation	Owned
Deland	1398 S. Woodland Blvd, Deland, FL 32720	TeleTech Customer Care Management (CO), Inc.	Leased
Enfield	1 Vision Drive, Enfield, CA 06082	TeleTech Financial Services Management, LLC	Leased
Englewood	333 Inverness Drive South, Englewood, CO 80112	TeleTech Customer Care Management (CO), Inc.	Leased*
Greenville	204 Halton Road, # 500, Greenville, SC 29607	TeleTech Services Corporation	Leased*

Hampton	400 and 421 Butler Farm Road, Hampton, VA 23666	TeleTech Customer Care Management (CO), Inc.	Leased*
Irvine (enhansiv)	7505 Irvine Center Drive, Irvine, CA 92618	TTEC-Labs, Inc.	Leased**
Morgantown	5000 Greenbag Road, Morgantown, WV 26501	TeleTech Services Corporation	Leased
Moundsville	100 W. TeleTech Drive, Moundsville, WV 26041	TeleTech Holdings Inc.	Leased
Newgen Business Offices	10243 Genetic Center Drive, San Diego, CA 92121	Newgen Results Corporation	Leased
Niagara Falls	333 Rainbow Blvd North, Niagara Falls, NY 14303	TeleTech Holdings Inc.	Leased
North Hollywood	12215 Victory Blvd, North Hollywood, CA 91606	TeleTech Holdings Inc.	Leased
Percepta	*1320 S. Babcock Street, Melbourne, FL 32901*	*Percepta LLC*	*Leased*
Percepta Detroit	*20555 Victor Parkway, Livonia, MI 48152*	*Percepta LLC*	*Leased**
Stockton	6221 West Lane, Stockton, CA 95210	TeleTech Holdings Inc.	Leased
Tampa	111 US Highway 301 South, Tampa, FL 33619	TeleTech Services Corporation	Leased*
Thornton	400 East 84th Avenue, Suite #200, Thornton, CO 80229	TeleTech Customer Care Management (CO), Inc. and TeleTech Holdings, Inc.	Leased**
Topeka	115 SW 29th Street, Topeka, KS 66611	TeleTech Customer Care Management (CO), Inc.	Leased
Tucson	2929 E Corona Road, Tucson, AZ 85706	TeleTech Services Corporation	Leased*
Uniontown	1648 Mall Run Road, Uniontown, PA 15401	TeleTech Customer Care Management (PA), LLC, guaranteed by TeleTech Holdings, Inc .	Leased

* Indicates a Facilities Management site whereby the TeleTech client provides the location

** Closed facility with only lease remaining

SCHEDULE III
TO SECURITY AGREEMENT

Tradenames, etc.

Refer to Schedule IV to Security Agreement

SCHEDULE IV
TO SECURITY AGREEMENT

Intellectual Property; Trademarks; Patents; Copyrights; etc.

Trademarks/Tradenames

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed	Status	Registration Number
CYBERCARE	9	Computer software for managing and accessing databases containing information about products and services of others, which said others' customers may inquire about for product information, sales, customer services, technical supoort and product delivery dates	75/979,176	06/02/97 - Application Filed	08/28/01 - Mark Registered.	2,483,757
CYBERCARE	35		75/301,358		05/07/02 - Mark Registered	2,567,670
CYBERCARE	38		75/301,358		03/12/02 - Mark Registered	2,545,839
ENHANSIV	9		76/084,867	07/03/00	10/29/02 - Mark	2,641,711

	35 38 42				Registered	
TELETECH	9	Computer software in the fields of telephone answering, telemarketing and teleservicing in the nature of responding to and receiving telephone inquiries from customers of other businesses.	74/621,989	01/13/95 - Intent to Use filed.	01/18/00 - Mark registered. 09/12/97 - Opposition Period ends. 08/12/97 - Published for Opposition.	2,309,496
TELETECH	35 41	35 - Telephone answering services; telemarketing; and teleservicing, in the nature of responding to and receiving telephone inquires from customers of other businesses; and research, development and consulting services relating thereto. 41 - Educational services, namely training courses and seminars in the fields of telephone answering, telemarketing, teleservicing and computer programming services.	74/619,676	01/10/95 - Intent to Use filed.	08/27/96 - Mark Registered. 12/14/01 - Section 8 and 15 filed	1,996,498
TELETECH	35 41 42	35 - Employment and advertising agency services for others and research, development and consulting services related thereto; computer site operation and management services for others and research, development and consulting services related thereto. 41 - Educational services, namely, training courses and seminars, all in the fields of computer software, employment agency services, advertising agency services, computer disaster recovery planning services and computer site design, operation and management services. 42 - Computer disaster recovery planning services, computer site design services and research, development and consulting services related to computer disaster recovery planning services, computer site design services computer software.	75/978,238	01/13/95 - Intent to Use filed.	06/07/99 - Mark Registered.	2,252,044
THE ANSWER FOR YOUR CUSTOMERS	9 35 38 41 42		75/222,467	01/07/97 - Intent to Use filed.	08/24/02 - Mark Registered	2,625,327

INTELLISYSTEM	42		75/499,004	12/11/01 - Mark Registered	2,506,168

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed		Registration Number
CARABUNGA.COM	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely managing operations, customer service and customer relationship in the field of automobile sales and services via a global computer network	75/878,852		01/09/01 - Mark Registered	2,419,128
CARABUNGA.COM and Design	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely managing operations, customer service and customer relationship in the field of automobile sales and services via a global computer network	75/894,002		01/09/01 - Mark Registered	2,419,180
E-ROAD	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely, managing operations, customer service and customer relationships in the field of automobile sales and services; providing real-time access to databases of automobile sales and service information	76/198,677		11/15/01 - Mark Registered	2,506,843
NEWGEN	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely, managing operations, customer service and customer relationships in the field of automobile sales and services	75/870,889		11/24/98 - Mark Registered	2,205,782
NEWGEN RESULTS	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely, managing operations, customer service and customer relationships in the field of automobile sales and services			11/17/98 - Mark Registered	2,204,032
ROAD	9	Computer hardware and software for use by automobile dealers to remotely access databases of automobile sales and maintenance information and	75/684,596		08/21/01 - Mark Registered.	2,480,539

		generate reports from such data			
ROAD	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely, managing operations, customer service and customer relationships in the field of automobile sales and services; providing real-time access to databases of automobile sales and service information	75/683,958	12/21/00 - Statement of Use Accepted and Mark Registered	2,435,819
TRIANGLE DESIGN	35	Computerized database management services; business consulting services in the field of automobile sales and services and customer retention services, namely, managing operations, customer service and customer relationships in the field of automobile sales and services		11/24/98 - Mark Registered	2,205,781
ULTIMATE SERVICE	35	Business management supervision services in the field of automobile dealership departments; computerized database management services for the automobile dealership and retail industry; customer retention services for others, namely, managing operations, customer service and customer relationships in the field of automobile sales and services	75/599,731	12/12/00 - Mark Registered	2,412,986

Domain Names

teletechca.com
teletech.com
enhansiv.com
teletecheuro.com
ttecsolutions.com
canrecuriting.com
teletechintl.com
ttec-solutions.com
enhansiv.net
enhansiv.org
teletechindia.com
dvr3.com
cybercaresolutions.com
dcr3.com
teletechsucks.com
teletechsucks.org
teletechsucks.net
emersant.com.pl
enhansiv.com.pl
emersant.com.ph
enhansiv.ph
enhansiv.com.ph
emersant.ph

QuickLinks

Exhibit 10.9

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.10

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (COLORADO)

by and from

TELETECH SERVICES CORPORATION ("Grantor")

to

THE PUBLIC TRUSTEE OF THE COUNTY OF DOUGLAS, COLORADO ("Trustee")

for the benefit of

BANK OF AMERICA, N.A.,
in its capacity as Collateral Agent ("Beneficiary")

Dated as of October 24, 2003

Location:	**9197 S. Peoria Street**
Municipality:	**Englewood**
County:	**Douglas**
State:	**Colorado**

COLLATERAL CONTAINS FIXTURES

TO BE FILED FOR RECORD IN THE REAL PROPERTY RECORDS

PREPARED BY, RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

Mayer, Brown, Rowe & Maw LLP
190 S. LaSalle Street
Chicago, IL 60603
Attention: Ami G. Scott

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (Colorado)

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (**Colorado**) (this "**Deed of Trust**") dated as of October 24, 2003 is made by **TELETECH SERVICES CORPORATION**, a Colorado corporation ("Grantor"), whose address is 9197 South Peoria Street, Englewood, Colorado 80112, Attention: Karen Breen, to **THE PUBLIC TRUSTEE OF THE COUNTY OF DOUGLAS, COLORADO**("**Trustee**"), for the benefit of BANK OF AMERICA, N.A. ("**Bank of America**"), as collateral agent (in such capacity, the "**Collateral Agent**") for and representative of various creditors of TeleTech Holdings, Inc. (the "**Company**") under the Intercreditor Agreement referred to below (the Collateral Agent, together with its successors and assigns, "**Beneficiary**"), having an address at 231 S. LaSalle Street, Chicago, Illinois 60697.

RECITALS

A. The Company, various financial institutions (collectively the "**Lenders**") and Bank of America, as administrative agent (in such capacity, the "**Administrative Agent**"), have entered into a Credit Agreement dated as of October 29, 2002 (as amended, restated or otherwise modified from time to time, the "**Credit Agreement**").

B. The Company is a party to a Note Agreement dated as of October 1, 2001 (as amended by the First Amendment to Note Purchase Agreement dated as of February 1, 2003, the Waiver and Second Amendment to Note Purchase Agreement dated as of August 1, 2003 and the Third Amendment to Note Purchase Agreement dated as of September 30, 2003, and as further amended, restated or otherwise modified from time to time, the "**Note Agreement**") with each of the purchasers listed on Schedule A thereto (the "**Purchasers**"; the Purchasers together with each other holder of a Note (as defined in the Intercreditor Agreement referred to below), collectively, the "**Noteholders**" and individually each a "**Noteholder**").

C. Grantor has guaranteed all obligations of the Company under the Credit Agreement, the Note Agreement and certain other financing arrangements pursuant to one or more guaranties (the "**Guaranties**").

D. The obligations of Grantor under the Guaranties are evidenced by a Global Note dated October 24, 2003 (the "**Global Note**") payable to the Collateral Agent for the benefit of each of the Benefited Parties (as defined below).

E. Pursuant to an Intercreditor Agreement dated as of the date hereof (as amended, restated or otherwise modified from time to time, the "**Intercreditor Agreement**"), the Administrative Agent, on behalf of itself and the Lenders, the Purchasers and the Collateral Agent have agreed that (i) certain obligations of the Company and various subsidiaries shall be secured and guaranteed pari passu and (ii) Bank of America shall act as collateral agent for the holders of such obligations (such holders, together with the Collateral Agent, the "**Benefited Parties**").

F. The obligations of Grantor under the Guaranties are to be secured pursuant to this Deed of Trust.

ARTICLE 1

DEFINITIONS AND INTERPRETATION

SECTION 1.1 ***Definitions.*** As used herein, the following terms shall have the following meanings:

(a) "**Base Rate**": For any day a fluctuating rate per annum equal to the higher of (i) the Federal Funds Rate plus 0.5% and (ii) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors, including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

(b) "**Default Rate**": The sum of the Base Rate plus 2%.

(c) "**Event of Default**": The failure by Grantor to make any payment under either Guaranty upon demand therefor by Administrative Agent or any Noteholder.

(d) "**Federal Funds Rate**": For any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a business day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding business day as so published on the next succeeding business day, and (b) if no such rate is so published on such next succeeding business day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

(e) "**Financing Agreement**": The Credit Agreement, the Note Agreement, each Note (as defined in the Note Agreement), the Global Note and any other agreement which evidences or gives rise to any obligation that is secured pursuant to the Guaranties or pursuant to which any collateral is granted to secure the obligations under any other Financing Agreement.

(f) "**Indebtedness**": All obligations of Grantor under the Guaranties. The scheduled final maturity date of the Indebtedness is October 31, 2011 and the maximum principal amount of the Indebtedness is $225,000,000.

(g) "**Mortgaged Property**": All of Grantor's right, title and interest in and to the following:

(i) the fee interest, if any, in the real property described in *Exhibit A* hereto (the "**Land**"), which together with all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing and all interests now or in the future arising in respect of, benefiting or otherwise relating to the Land, including easements, rights-of-way, development rights and all right, title and interest now owned or hereafter acquired by Grantor in and to any land lying within the right of way of any street, open or proposed, adjoining the Land, and any and all sidewalks, alleys, driveways and strips and gores of land adjacent to or used in connection with the Land (all of the foregoing, together with the Land, collectively the "**Real Property**");

(ii) all buildings, structures, facilities and improvements of every nature whatsoever now or hereafter situated on the Land or any other real property encumbered hereby (the "**Improvements**");

(iii) (x) all fixtures (as defined in the UCC (as defined below)), and all extensions, additions, accessions, improvements, betterments, renewals, substitutions and replacements thereto (the "**Fixtures**") (the Real Property, Fixtures and Improvements, collectively, the "**Premises**");

(iv) all leases, subleases, lettings, licenses, operating agreements, management agreements and other agreements affecting the Mortgaged Property that Grantor has entered into, taken by assignment, taken subject to, assumed or otherwise become bound by, now or in the future, that give any Person the right to conduct its business on, or otherwise use, operate or occupy, all or any portion of the Premises, and any leases, agreements or arrangements permitting anyone to enter upon or use any of the Premises to extract or remove natural resources of any kind, together with all amendments, extensions and renewals of the foregoing, and all rental, service, maintenance or other similar agreements pertaining to use or occupation of the Premises or any part thereof, together with all related security and other deposits (the "**Leases**");

(v) all of the rents, revenues, receipts, royalties, income, proceeds, profits, license fees, security and other types of deposits, and other benefits paid or payable by parties to the Leases for using, leasing, licensing, possessing, operating from, residing in, selling or otherwise enjoying the Mortgaged Property (the "**Rents**");

(vi) all other agreements, guaranties, warranties, permits, licenses, certificates and entitlements in any way relating to the construction, use, occupancy, operation, maintenance, enjoyment or ownership of the Mortgaged Property (the "**Property Agreements**");

(vii) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing;

(viii) all property tax refunds and rebates and utility refunds and rebates (the "**Refunds**");

(ix) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof (the "**Proceeds**");

(x) all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor (the "**Insurance**"); and

(xi) all of Grantor's right, title and interest in and to any awards, damages, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any government authority pertaining to the Premises or Fixtures (the "**Condemnation Awards**").

As used in this Deed of Trust, the term "Mortgaged Property" means all or, where the context permits or requires, any portion of the above or any interest therein.

(h) "**Obligations**": All of the agreements, covenants, conditions, warranties, representations and other obligations of Grantor under the Guaranties.

(i) "**UCC**": The Uniform Commercial Code in the State of Colorado, except to the extent that the provisions of Section 9-301 or any other section of the Uniform Commercial Code in the State of Colorado mandate that the Uniform Commercial Code of another jurisdiction be applied, in which event (and to such extent), the term "UCC" means the Uniform Commercial Code in effect in that jurisdiction.

SECTION 1.2 ***Interpretation.*** The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The term "*including*" is by way of example and not limitation. Any reference to an *Article* or a *Section* is to the relevant Article or Section of this Deed of Trust, unless otherwise specified. Article, Section and subsection headings herein are included for convenience of reference only and shall not affect the interpretation of this Deed of Trust.

ARTICLE 2

GRANT

SECTION 2.1 ***Grant.*** To secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations, Grantor **GRANTS, BARGAINS, SELLS, ASSIGNS,** and **CONVEYS** to Trustee the Mortgaged Property, **TO HAVE AND TO HOLD** the Mortgaged Property unto Trustee, **IN TRUST, WITH POWER OF SALE**, and Grantor hereby binds itself, its successors and assigns to **WARRANT AND FOREVER DEFEND** the title to the Mortgaged Property unto Trustee.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Grantor represents and warrants to Beneficiary and the Benefited Parties as follows:

SECTION 3.1 ***Title to Mortgaged Property and Lien of this Instrument.*** Grantor has (i) good, sufficient and legal title to (in the case of fee interests in real property comprising the Mortgaged Property) and (ii) good and marketable title to (in the case of all other property comprising the Mortgaged Property) the Mortgaged Property free and clear of all Liens, claims and interests, except Liens permitted by Section 7.01(a), (b) or (f) of the Credit Agreement and Section 10.5 of the Note Agreement ("*Permitted Liens*"). Grantor has and will continue to have full power and lawful authority to grant, release, convey, assign, transfer, mortgage, pledge, hypothecate and otherwise create Liens on the Mortgaged Property as provided herein. The Mortgaged Property is accurately, completely, adequately and sufficiently described herein and in *Exhibit A* as required by applicable laws for this Deed of Trust to create a deed of trust lien on (and security interest against) all of the Mortgaged Property.

SECTION 3.2 ***Other Real Property.*** Grantor does not own or lease or have any interest in any other real property used or useful in the operation of the Mortgaged Property, other than the real property described on *Exhibit A* hereto.

SECTION 3.3 ***First Priority Deed of Trust.*** This Deed of Trust creates a valid, enforceable first priority deed of trust lien and security interest against the Mortgaged Property and first priority assignment of the Leases and Rents, subject in each case only to Permitted Liens, and there are no defenses or offsets to Grantor's obligations pursuant to this Deed of Trust. Grantor shall preserve and protect the Lien and security interest created hereunder and the priority thereof. If any Lien or security interest other than any Permitted Lien is asserted against the Mortgaged Property, Grantor shall promptly, at its expense, (a) give Beneficiary a detailed written notice of such Lien or security interest (including origin, amount and other terms) and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Financing Agreements (including the requirement of providing a bond or other security reasonably satisfactory to Beneficiary).

SECTION 3.4 ***Leases.*** With respect to the assignment of Leases and Rents set forth in *Article 6*, Grantor represents that (i) it has provided Beneficiary with a true and complete copy of each Lease in effect on the date hereof; (ii) as of the date hereof, Grantor is not, in the capacity of lessor, a party to any other lease, whether written or oral, or any agreement for the use and occupancy of any of the Mortgaged Property, except as heretofore disclosed in writing by Grantor to Beneficiary; (iii) the Leases are valid, binding and in full force and effect and have not been amended or modified, except as heretofore disclosed in writing by Grantor to Beneficiary; (iv) Grantor is the sole owner of the lessor's interest in the Leases; (v) except for Permitted Liens, Grantor has not executed any other assignment or pledge of any of the Leases or Rents or performed any other act or executed any other instrument which might prejudice Beneficiary's rights hereunder; (vi) to the best of Grantor's knowledge, no default exists on the part of any lessee, or on the part of Grantor, as lessor, in the performance of the terms, covenants, provisions, conditions or agreements contained in any Lease; (vii) Grantor knows of no condition which, with the giving of notice or the passage of time or both, would constitute a default under any Lease on the part of any lessee or Grantor, as lessor, except as heretofore disclosed in writing by Grantor to Beneficiary; (viii) no rent has been paid by any lessee for more than one installment in advance; and (ix) no payment of any of the Rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by Grantor, except as heretofore disclosed in writing by Grantor to Beneficiary.

SECTION 3.5 ***Peaceable Possession.*** Grantor's possession of the Mortgaged Property has been peaceable and undisturbed and, to the best of Grantor's actual knowledge, without investigation or inquiry, except as previously disclosed in writing to Beneficiary, the title thereto has never been disputed or questioned, and, except as previously disclosed in writing to Beneficiary, Grantor does not know of any facts by reason of which any adverse claim to any part of the Mortgaged Property or to any undivided interest therein might be set up or made.

SECTION 3.6 ***Taxes.*** The Land is or will be taxed separately without regard to any other property. Grantor has not received any notice of any federal, state or local tax claim or Lien assessed or filed against Grantor or the Mortgaged Property for taxes which are due and payable, unsatisfied of record or docketed in any court of the state in which the Mortgaged Property is located or in any other court located in the United States.

SECTION 3.7 ***Casualty and Condemnation.*** The Mortgaged Property has not been damaged or destroyed by fire or other casualty, and no condemnation or eminent domain proceeding has been commenced or is pending with respect to the Mortgaged Property and, to the best of Grantor's knowledge, no such condemnation or eminent domain proceeding is about to be commenced.

SECTION 3.8 ***Other Mortgaged Property Rights.*** All easements, leasehold and other property interests, all utility and other services (including gas, electric, telephone, water and sewage services and facilities), means of transportation, facilities, other materials and other rights that are reasonably necessary for the operation of the Mortgaged Property in accordance with applicable requirements of law have been procured or are commercially available to the Mortgaged Property at commercially reasonable rates and, to the extent appropriate, arrangements have been made on commercially reasonable terms for such easements, interests, services, means of transportation, facilities, materials and rights.

SECTION 3.9 ***Subdivision Compliance.*** The Land has been subdivided from all other property in compliance with applicable laws. No subdivision or other approval is necessary with respect to the Premises in order for Grantor to mortgage, convey or otherwise deal with the Premises as a separate lot or parcel.

ARTICLE 4

COVENANTS OF GRANTOR

Grantor covenants for the benefit of Beneficiary and the Benefited Parties as follows:

SECTION 4.1 ***Payment and Performance.*** Grantor shall pay the Indebtedness when due under the Guaranties and shall perform the Obligations in full when they are required to be performed in accordance with the terms of the Guaranties.

SECTION 4.2 ***Warranty of Title.*** Grantor shall warrant, preserve and defend Grantor's title to the Mortgaged Property, the interest of Beneficiary and the Benefited Parties in and to the Mortgaged Property and the validity, enforceability and priority of the Lien of this Deed of Trust, this assignment of Leases and Rentals and this grant of a security interest against the claims and demands of all Persons whomsoever, at its sole cost and expense.

SECTION 4.3 ***Taxes.***

(a) Grantor shall pay, prior to delinquency, all taxes, charges and similar assessments ("**Impositions**") imposed or levied by any government authority which create a Lien upon the Mortgaged Property or any part thereof. If by law any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Grantor may pay the same, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. If at any time after the date hereof there shall be assessed or imposed a license fee, tax or assessment on Beneficiary which is measured by or based in whole or in part upon the amount of the outstanding Obligations, then all such taxes shall be deemed to be included within the term "Impositions" as defined herein, and Grantor shall pay and discharge the same as herein provided with respect to the payment of Impositions, or, if Grantor shall not be permitted by law to pay and discharge such Imposition either directly or indirectly, then, at the option of Beneficiary, all obligations secured hereby, together with all interest thereon, shall become immediately due and payable.

(b) Subject to the provisions of *Section 4.3(c)*, upon written request therefor Grantor shall furnish to Beneficiary within 30 days after the date upon which any Imposition would be delinquent, official receipts of the appropriate taxing authority, or other proof satisfactory to Beneficiary, evidencing the payment thereof.

(c) Grantor has the right, before any delinquency occurs, to contest or object to the amount or validity of any Imposition by appropriate proceedings promptly instituted and diligently conducted, so long as (i) such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor and (ii) in the case of a charge or claim which has or may become a Lien against any of the Mortgaged Property, such contest proceedings conclusively operate to stay the sale of any portion of the Mortgaged Property to satisfy such Imposition.

SECTION 4.4 ***Utilities.*** Grantor shall pay, when due, all utility charges incurred by Grantor for the benefit of the Mortgaged Property, or which may become a charge or Lien against the Mortgaged Property, for gas, electricity, water, sewer and all other utility services furnished to the Mortgaged Property, and

all other assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Property or any portion thereof, whether or not such assessments or charges are Liens thereon.

SECTION 4.5 ***Adverse Action.*** Grantor shall appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or any Benefited Party and shall pay all costs and expenses, including the cost of a title report and reasonable attorneys' fees (including the reasonable attorneys' fees of Beneficiary and such Benefited Party) incurred in any such action. If Grantor receives any notice or other instrument which might materially and adversely affect the Mortgaged Property or the deed of trust lien of this Deed of Trust, Grantor shall promptly furnish a copy of such notice or other instrument to Beneficiary. The notices referred to shall include notices from any tenant or landlord of the Mortgaged Property claiming a default by Grantor under any Lease; any notice from a government authority concerning any special tax; any notice of any alleged violation of any building, zoning, fire or other law or regulation affecting the Mortgaged Property; any notice of a mechanic's or supplier's Lien, whether actually filed or threatened; and any notice of an action or proceeding filed or threatened against Grantor or the Mortgaged Property.

SECTION 4.6 ***Condemnation Awards and Insurance Proceeds.***

(a) *Condemnation Awards.* Grantor assigns all Condemnation Awards to which it is entitled for any condemnation or other taking, or any purchase in lieu thereof, to Beneficiary and authorizes Beneficiary to collect and receive such Condemnation Awards and to give proper receipts and acquittances therefor.

(b) *Insurance Proceeds.* Grantor assigns to Beneficiary all of Grantor's right, title and interest in and to all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property. Grantor (i) authorizes Beneficiary to collect and receive such proceeds and (ii) authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Beneficiary, instead of to Grantor and Beneficiary jointly.

(c) *Insurance.*

(i) Grantor shall not carry separate or additional insurance concurrent in form or contributing, in the event of loss, with that required hereunder unless such insurance is endorsed in favor of Beneficiary as loss payee or additional insured, as applicable, and contains endorsements providing coverage secondary to the insurance required to be carried hereunder. Nothing contained herein shall prohibit Grantor from holding or obtaining an owner's policy of title insurance covering the Mortgaged Property.

(ii) If Grantor fails to maintain the insurance required to be maintained by any Financing Agreement, then Beneficiary, if it so elects, may itself have such insurance effected in such amounts and in such companies as it may deem proper and may pay the premiums therefor, and all expenses so incurred of every kind and character shall be a demand obligation owing by Grantor to Beneficiary and shall bear interest from the date of expenditure until paid at the Default Rate, and the same shall be secured by the lien evidenced by this Deed of Trust. Beneficiary shall not be responsible for the solvency of any company issuing any insurance policy, whether or not selected or approved by it, or for the collection of any amount due under any such policy, and shall be responsible and accountable only for such money as may be actually received by it.

ARTICLE 5

DEFAULT AND FORECLOSURE

SECTION 5.1 ***Remedies.*** If an Event of Default exists, Beneficiary may, at Beneficiary's election and by or through Trustee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) *Entry on Mortgaged Property.* Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto or located thereon. If Grantor remains in possession of the Mortgaged Property after an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(b) *Operation of Mortgaged Property.* Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and apply all Rents and other amounts collected by Trustee in connection therewith in accordance with the provisions of *Section 5.7*.

(c) *Foreclosure and Sale.* Elect to commence foreclosure proceedings by way of a public trustee's sale pursuant to the provisions of Title 38, Article 38, Colorado Revised Statutes, as amended, or in any other manner then permitted by law, four weeks' public notice having previously been given of the time and place of such sale by advertisement, weekly, in a newspaper of general circulation in the county in which the property is located, or upon such other notice as may then be required by law; or foreclose this Deed of Trust by appropriate proceedings in any court of competent jurisdiction. Beneficiary, any Benefited Party or any designee of any of the foregoing may be a purchaser at such sale, and if Beneficiary is the highest bidder, Beneficiary may credit the portion of the purchase price that would be distributed to Beneficiary against the Indebtedness in lieu of paying cash. If this Deed of Trust is foreclosed by judicial action, appraisement of the Mortgaged Property is waived. Beneficiary shall be entitled to collect all costs and expenses incurred in pursuing the remedies provided herein, including reasonable attorneys' fees and costs of appraisals and title evidence. Except as otherwise provided by applicable law or in *Section 5.7*, Trustee shall apply the proceeds of sale in the following order: (a) to all costs and expenses of the sale, including the Trustee's fees, attorneys' fees and costs of appraisals and title evidence; (b) to all sums secured by this Deed of Trust in accordance with the terms of the Intercreditor Agreement; and (c) the excess, if any, to the person or persons legally entitled thereto. Nothing in this *Section 5.1(c)* shall be deemed to contradict or add to the requirements and procedures now or hereafter specified by Colorado law, and any such inconsistency shall be resolved in favor of Colorado law applicable at the time of foreclosure.

(d) *Receiver.* Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Grantor

irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property.

(e) *Acceleration.* Declare the Indebtedness to be immediately due and payable and thereupon all Indebtedness shall be and become immediately due and payable.

(f) *Other.* Exercise all other rights, remedies and recourses granted under the Intercreditor Agreement or any Financing Agreement or otherwise available at law or in equity.

SECTION 5.2 ***Separate Sales.*** The Mortgaged Property may be sold in one or more parcels and in such manner and order as Beneficiary in its sole discretion may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

SECTION 5.3 ***Remedies Cumulative, Concurrent and Nonexclusive.*** Beneficiary, the Benefited Parties, and Trustee have all rights, remedies and recourses granted in the Intercreditor Agreement and any Financing Agreement, and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Collateral Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary, the Required Benefited Parties (as defined in the Intercreditor Agreement) or Trustee, as the case may be, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary, any Benefited Party or Trustee in the enforcement of any right, remedy or recourse under any Financing Agreement or any Collateral Document or otherwise at law or equity shall be deemed to cure any Event of Default.

SECTION 5.4 ***Release of and Resort to Collateral.*** Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate Lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the Lien or security interest (including with respect to the Mortgaged Property) created in or evidenced by the other Collateral Documents. For payment of the Indebtedness, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

SECTION 5.5 ***Waiver of Redemption, Notice and Marshalling of Assets.*** To the fullest extent permitted by law, Grantor irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any stay of execution, exemption from civil process, redemption or extension of time for payment, (b) except as expressly provided for herein or in any applicable Financing Agreement, all notices of any Event of Default or of any election by Trustee, Beneficiary or any Benefited Party to exercise or the actual exercise of any right, remedy or recourse provided for herein, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

SECTION 5.6 ***Discontinuance of Proceedings.*** Beneficiary, any Benefited Party or Trustee have the unqualified right to invoke any right, remedy or recourse permitted hereunder or under applicable law and the unqualified right thereafter to discontinue or abandon it for any reason, and, in such an event, Grantor, Beneficiary, the Benefited Parties and Trustee shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Financing Agreements, the Mortgaged Property and otherwise, and the rights, remedies and recourses of Beneficiary, the Benefited Parties and Trustee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary, any Benefited Party or Trustee thereafter to exercise any right, remedy or recourse under any Financing Agreement for such Event of Default.

SECTION 5.7 ***Application of Proceeds.*** Subject to Section 5.1(c), the proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Beneficiary in accordance with the terms of the Intercreditor Agreement.

SECTION 5.8 ***Additional Advances and Disbursements; Costs of Enforcement.***

(a) If any Event of Default exists, Beneficiary and each of the Benefited Parties has the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor. All sums advanced and expenses incurred at any time by Beneficiary or any Benefited Party under this *Section 5.8*, or otherwise under this Deed of Trust or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, at the Default Rate, and all such sums, together with interest thereon, shall be secured by this Deed of Trust.

(b) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust, or the enforcement, compromise or settlement of the Indebtedness or any claim under this Deed of Trust, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise. To the fullest extent permitted by law, any costs incurred by Beneficiary or its attorney as a part of the cost of foreclosure in conjunction with Grantor's default hereunder shall be deemed allowable by Trustee in a foreclosure action. Such allowable costs shall include appraisal fees, attorneys' fees and all costs incurred by Beneficiary or its attorney in conjunction with securing, preserving and maintaining the Mortgaged Property and any improvements contained thereon, such as, by way of example and not by way of limitation, costs incurred in conjunction with the appointment and/or institution of a receivership (whether or not a receiver be appointed).

SECTION 5.9 ***No Mortgagee in Possession.*** Neither the enforcement of any of the remedies under this *Article 5*, the assignment of the Rents and Leases under *Article 6*, the security interests under *Article 7*, nor any other right, power or remedy afforded to Beneficiary under this Deed of Trust or any other Collateral Document, at law or in equity, shall cause Beneficiary, any Benefited Party or Trustee to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Beneficiary, any Benefited Party or Trustee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

SECTION 5.10 ***Actions by Beneficiary to Preserve the Mortgaged Property.*** If Grantor fails to make any payment or do any act as and in the manner provided in this Deed of Trust beyond any applicable cure period, Beneficiary, in its sole and absolute discretion, without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation, may make such payment or do such act in such manner and to such extent as Beneficiary may deem necessary to protect the security hereof. In connection therewith (without limiting Beneficiary's general powers), Beneficiary shall have and is hereby given the right, but not the obligation, to the extent permitted under applicable law, (a) to enter upon and take possession of the Mortgaged Property; (b) to make additions, alterations, repairs and Improvements to the Mortgaged Property which it may consider necessary or proper to keep the Mortgaged Property in good condition and repair; (c) to appear and participate in any action or proceeding which affects or may affect the security hereof or the rights or powers of Beneficiary; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, Lien or debt which, in Beneficiary's judgment, may affect or appear to affect the security of this Deed of Trust; and (e) in exercising such powers, to employ counsel or other necessary or desirable experts or consultants. Grantor shall, immediately upon demand therefor by Beneficiary, pay all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including cost of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees, together with interest thereon from the date incurred at the Default Rate. All such costs and expenses together with such interest shall be secured by this Deed of Trust.

ARTICLE 6

ASSIGNMENT OF RENTS AND LEASES

SECTION 6.1 ***Assignment.*** In furtherance of and in addition to the assignment made by Grantor in *Section 2.1*, Grantor absolutely and unconditionally assigns, sells, transfers and conveys to Beneficiary all of its right, title and interest in and to all Leases, whether now existing or hereafter entered into, and all of its right, title and interest in and to all Rents. This assignment is an absolute assignment and not an assignment for additional security only. So long as no Event of Default exists, Grantor shall have a revocable license from Beneficiary to exercise all rights extended to the landlord under the Leases, including the right to receive and collect all Rents and to hold the Rents in trust for use in the payment and performance of the Obligations and to otherwise use the same. During the existence of an Event of Default, whether or not legal proceedings have commenced, and without regard to waste, adequacy of security for the Obligations or the solvency of Grantor, the license herein granted shall automatically expire and terminate, without notice by Beneficiary (any such notice being hereby expressly waived by Grantor).

SECTION 6.2 ***Perfection Upon Recordation.*** Grantor acknowledges that Beneficiary has taken all actions necessary to obtain, and that upon recordation of this Deed of Trust Beneficiary shall have, to the extent permitted under applicable law, a valid and fully perfected, first priority, present assignment of the Rents arising out of the Leases and all security for such Leases. Grantor acknowledges and agrees that, to the extent permitted under applicable law, upon recordation of this Deed of Trust Beneficiary's interest in the Rents shall be deemed to be fully perfected, "choate" and enforced as to Grantor and all third parties, including any subsequently appointed trustee in any case under Title 11 of the United States Code (the "**Bankruptcy Code**"), without the necessity of commencing a foreclosure action with respect to this Deed of Trust, making formal demand for the Rents, obtaining the appointment of a receiver or taking any other affirmative action.

SECTION 6.3 ***Bankruptcy Provisions.*** Without limitation of the absolute nature of the assignment of the Rents hereunder, Grantor and Beneficiary agree that (a) this Deed of Trust shall constitute a "security agreement" for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Deed of Trust extends to property of Grantor acquired before the commencement of a case in bankruptcy and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any case in bankruptcy.

ARTICLE 7

SECURITY AGREEMENT

SECTION 7.1 ***Fixture Filing.*** This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. For purposes of the UCC and the fixture filing, information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Deed of Trust, Grantor is the "Debtor", Beneficiary is the "Secured Party" and the collateral is all of the Mortgaged Property which is or is to become fixtures.

SECTION 7.2 ***Financing Statements.*** Grantor shall execute (as applicable) and deliver to Beneficiary, in form and substance reasonably satisfactory to Beneficiary, such financing statements and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder, and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Grantor authorizes Beneficiary to file any financing statement without its signature, to the extent permitted by applicable law, and/or to file a copy of this Deed of Trust as a financing statement in any jurisdiction.

ARTICLE 8

CONCERNING THE TRUSTEE

SECTION 8.1 ***Certain Rights.*** Trustee has the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. Trustee is entitled to reimbursement for actual, reasonable expenses incurred by it in the performance of its duties and to reasonable compensation for Trustee's services hereunder as shall be rendered. Grantor shall, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and indemnify, defend and save Trustee harmless against, all liability and reasonable expenses which may be incurred by it in the performance of its duties, including those arising from joint, concurrent or comparative negligence of Trustee; *provided* that

Grantor shall not be liable under such indemnification to the extent such liability or expenses result solely from Trustee's gross negligence or willful misconduct. Grantor's obligations under this *Section 8.1* shall not be reduced or impaired by principles of comparative or contributory negligence.

SECTION 8.2 ***Retention of Money.*** All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by it hereunder.

SECTION 8.3 ***Colorado Law Regarding Public Trustees.*** Nothing in this Deed of Trust shall be deemed to contradict or add to the rights of a public trustee under Colorado law.

ARTICLE 9

MISCELLANEOUS

SECTION 9.1 ***Notices.*** Any notice hereunder shall be in writing (including facsimile transmission) and shall be sent to Grantor or Beneficiary at its address set forth in the introductory paragraph (or at such other address as such party may have designated as its address for such purpose).

SECTION 9.2 ***Covenants Running with the Land.*** All obligations contained in this Deed of Trust are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Mortgaged Property. All subsequent owners and lenders who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of this Deed of Trust.

SECTION 9.3 ***Attorney-in-Fact.*** Grantor irrevocably appoints Beneficiary and its successors and assigns as its attorney-in-fact, which agency is coupled with an interest and with full power of substitution, (a) to execute and/or record any notice of completion, notice of cessation of labor or any other notice that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within five (5) Business Days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Property Agreements, Refunds, Proceeds, Insurance and Condemnation Awards in favor of the grantee of any such deed as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Mortgaged Property, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder, however: (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Indebtedness and shall bear interest at the Default Rate; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Grantor or any other Person for any failure to take any action which it is empowered to take under this *Section 9.3*.

SECTION 9.4 ***Successors and Assigns.*** This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary, the Benefited Parties, Trustee and Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

SECTION 9.5 ***No Waiver.*** Any failure by Beneficiary, any Benefited Party or Trustee to insist upon strict performance of any of the terms, provisions or conditions of this Deed of Trust shall not be deemed to be a waiver thereof, and Beneficiary, the Benefited Parties or Trustee have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

SECTION 9.6 ***Conflicting Provisions.*** If any conflict exists between this Deed of Trust and any Financing Agreement, such Financing Agreement shall govern.

SECTION 9.7 ***Release.*** Upon payment in full of the Indebtedness and performance in full of the Obligations, Beneficiary shall release this Deed of Trust in due form in accordance with applicable law at Grantor's expense. No release of this Deed of Trust or the lien hereof shall be valid unless executed by Beneficiary.

SECTION 9.8 ***Waiver of Stay, Moratorium and Similar Rights.*** Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Indebtedness or Obligations secured hereby, or any agreement between Grantor and Beneficiary or any right or remedy of Beneficiary, the Benefited Parties or Trustee.

SECTION 9.9 ***Applicable Law.*** This Deed of Trust is a contract made under and intended to be construed in accordance with and governed by the laws of the State of Colorado. No defense given or allowed by the laws of any state or country shall be interposed in any action or proceeding resulting from the enforcement of this Deed of Trust unless such defense is also given or allowed by the laws of the State of Colorado.

SECTION 9.10 ***Beneficiary as Collateral Agent; Successor Collateral Agents.***

(a) Collateral Agent has been appointed to act as Collateral Agent hereunder by the Benefited Parties. Collateral Agent has the right hereunder to make demands, to give notices, to exercise or refrain from exercising any right, and to take or refrain from taking any action (including the release or substitution of the Mortgaged Property) in accordance with the terms of the Intercreditor Agreement, any related agency agreement among Collateral Agent and the Benefited Parties (collectively, as amended, supplemented or otherwise modified or replaced from time to time, the "**Agency Documents**") and this Deed of Trust. Grantor

and all other Persons are entitled to rely on releases, waivers, consents, approvals, notifications and other acts of Collateral Agent, without inquiry into the existence of required consents or approvals of the Benefited Parties therefor.

(b) Beneficiary shall at all times be the same Person that is Collateral Agent under the Agency Documents. Written notice of resignation by Collateral Agent pursuant to the Agency Documents shall also constitute notice of resignation as Collateral Agent under this Deed of Trust. Removal of Collateral Agent pursuant to any provision of the Agency Documents shall also constitute removal as Collateral Agent under this Deed of Trust. Appointment of a successor Collateral Agent pursuant to the Agency Documents shall also constitute appointment of a successor Collateral Agent under this Deed of Trust. Upon the acceptance of any appointment as Collateral Agent by a successor Collateral Agent under the Agency Documents, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Collateral Agent as Beneficiary under this Deed of Trust, and the retiring or removed Collateral Agent shall promptly (i) assign and transfer to such successor Collateral Agent all of its right, title and interest in and to this Deed of Trust and the Mortgaged Property, and (ii) execute and deliver to such successor Collateral Agent such assignments and amendments and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Collateral Agent of the Liens and security interests created hereunder, whereupon such retiring or removed Collateral Agent shall be discharged from its duties and obligations under this Deed of Trust. After any retiring or removed Collateral Agent's resignation or removal hereunder as Collateral Agent, the provisions of this Deed of Trust and the Agency Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Deed of Trust while it was the Collateral Agent hereunder.

SECTION 9.11 ***Revolving Line of Credit Revolving Provisions.*** Grantor acknowledges and agrees that (a) the Credit Agreement evidences a revolving line of credit and indebtedness under the Credit Agreement may be repaid and readvanced from time to time, (b) this Deed of Trust shall secure, to the fullest extent permitted by applicable law, the guaranty by Grantor of all additional or future advances and readvances of principal under the Credit Agreement, (c) the line of credit evidenced by the Revolving Notes and secured by this Deed of Trust shall be used by the Company primarily for business or commercial purposes, (d) this Deed of Trust shall remain in full force and effect, without loss of priority, until the payment in full of the indebtedness and obligations secured hereby and the termination of all commitments of the Benefited Parties to extend credit to the Company and (e) this Deed of Trust shall not be extinguished as a result of the indebtedness and obligations under the Credit Agreement having a zero balance from time to time (and, to the full extent permitted by applicable law, Grantor hereby waives the operation of any applicable law, statutory or otherwise, having a contrary effect).

SECTION 9.12 ***Severability.*** If any provision of this Deed of Trust is or becomes invalid, illegal or unenforceable, such provision shall be deemed amended to conform to applicable laws so as to be valid and enforceable or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken and the remainder of this Deed of Trust shall remain in full force and effect

ARTICLE 10

EVIDENCE OF INDEBTEDNESS

For purposes of this Deed of Trust, the evidence of the Indebtedness secured hereby shall be a fully executed original of the Global Note, such that, for example, the Global Note may be presented to Trustee as original evidence of the indebtedness secured hereby when seeking to foreclose on this Deed of Trust or securing any partial or complete release of this Deed of Trust, and Trustee shall accept a signed original of the Global Note as the original evidence of indebtedness or "promissory note" for such purposes.

ARTICLE 11

SUCCESSOR TRUSTEE

Unless otherwise prohibited by applicable law, Beneficiary acting alone may from time to time, by written instrument executed and acknowledged by Beneficiary, mailed to Grantor and recorded in the county in which the Land is located, and by otherwise complying with the provisions of applicable law, substitute a successor or successors to Trustee named herein or acting hereunder.

[***The remainder of this page has been intentionally left blank]***

IN WITNESS WHEREOF, Grantor has on the date set forth in the acknowledgement hereto, effective as of the date first above written, caused this instrument to be duly EXECUTED AND DELIVERED by authority duly given.

TELETECH SERVICES CORPORATION,
a Colorado corporation

By: _____

Name: _____

Its: _____

STATE OF COLORADO)
) ss
COUNTY OF DOUGLAS)

The foregoing was acknowledged before me this day of October, 2003, by as of TeleTech Services Corporation, a Colorado corporation.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION

Lot 1A, Meridian Office Park Filing No. 3, 1st Amendment
Lot 2, Meridian Office Park Filing No. 3

County of Douglas
State of Colorado

Commonly known as 9197 South Peoria Street, Douglas County, Colorado:

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Exhibit 31

CERTIFICATIONS

I, Kenneth D. Tuchman, Chairman and Chief Executive Officer of TeleTech Holdings, Inc., certify that:

1. I have reviewed this report on Form 10-Q of TeleTech Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have;

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 5, 2003

/s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Dennis J. Lacey, Chief Financial Officer of TeleTech Holdings, Inc., certify that:

1. I have reviewed this report on Form 10-Q of TeleTech Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have;

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c)

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 5, 2003

/s/ DENNIS J. LACEY

Dennis J. Lacey
Executive Vice President and Chief Financial Officer

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CERTIFICATIONS

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Exhibit 32

WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer and the Chief Financial Officer of TeleTech Holdings, Inc. (the "Company"), each hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the quarter ended September 30, 2003 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
Chairman and Chief Executive Officer

/s/ DENNIS J. LACEY

Executive Vice President and Chief Financial Officer

Date: November 5, 2003

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WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002