UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(MARK ONE)

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

For the fiscal year ended December 31, 2003

OR

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

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**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value per share
(Title of Class)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

As of June 30, 2003, the last business day of the registrant's most recently completed second fiscal quarter, there were 74,193,804 shares of the registrant's common stock outstanding. The aggregate market value of the registrant's voting and non-voting common stock that was held by non-affiliates on such date was $285,646,145 based on the closing sale price of the registrant's common stock on such date as reported on the Nasdaq Stock Market.

As of March 2, 2004, there were 75,287,300 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of TeleTech Holdings, Inc.'s definitive proxy statement for its annual meeting of stockholders to be held on May 20, 2004, are incorporated by reference into Part III of this Form 10-K, as indicated.

PART I

This Form 10-K contains certain forward-looking statements within the meaning or the Private Securities Litigation Reform Act of 1995 and involves inherent risks and uncertainties. We have set forth beginning on page 10 of this Form 10-K a detailed discussion of risks and uncertainties relating to our business. The 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 express or implied by the forward-looking statements.

Item 1. *Business*.

Overview

TeleTech Holdings, Inc., a Delaware corporation (together with its wholly owned and majority owned subsidiaries, "TeleTech" or the "Company," which may also be referred to as "we," "us" or "our") serves its clients through two primary businesses: (i) Customer Management Services, which provides outsourced customer support and marketing services for a variety of industries via call centers ("customer management centers", or "CMCs") throughout the world ("Customer Care"); and (ii) Database Marketing and Consulting, which provides outsourced database management, direct marketing and related customer retention services for automotive dealerships and manufacturers in North America.

TeleTech was organized as a Delaware corporation on December 22, 1994 to continue the operations of its predecessors, which were founded as early as 1982. The Company completed its initial public offering in 1996 with 9 CMCs in 4 countries, and has grown to 64 locations in 16 countries as of December 31, 2003.

Five-Year History

From 1998 to 2000 TeleTech demonstrated growth in revenue and profitability, driven primarily by an increase in both new and existing large, global client contracts. Despite continued revenue growth from 2000 to 2002, our profitability declined and we incurred losses in 2001, 2002 and 2003 due to a combination of factors that are outlined below. Our senior management team is currently engaged in taking proactive measures intended to return the company to profitability.

Over the past three years, the following have negatively impacted our profitability:

- A longer sales cycle as a result of the global economic downturn;
- Excess capacity in our multi-client CMCs due to the ramp down or termination of certain client contracts;
- Less favorable pricing and contract terms driven by clients as the customer management industry has matured;
- Losses from our international operations resulting from an unsuccessful acquisition in Spain in 2000, excess capacity in the United Kingdom, and excess capacity as well as certain unprofitable client programs in Latin America;
- Lower profitability from a large North America client program until we successfully transitioned the work to lower cost locations;
- Charges related to the closures of certain CMCs, workforce reductions and asset impairments; and
- The incurrence of development costs to create new value added services and solutions for clients.

As a result of the above, we were not in compliance with certain financial covenants in our Credit Agreement dated October 29, 2002, as amended ("Revolver"), and Note Purchase Agreement, dated October 30, 2001, as amended ("Senior Notes") during 2002 and 2003. During 2003, we worked with our lenders to successfully amend both agreements bringing the Company back into compliance. The amendments required that we secure the agreements with a majority of the Company's domestic assets. The last amendment was completed in August 2003 and resulted in an increase of interest expense of approximately $2.0 million per year.

Business Turnaround

Our senior management team has taken, or is taking, the following actions to return the company to profitability. These actions have included:

- Closing CMCs where we were not meeting our desired level of profitability due to high labor costs;
- Conducting operational reviews of all client programs that did not meet our desired level of profitability and creating an action plan, including in some instances terminating the program or adjusting the price, for each such account;
- Terminating client contracts that we determined could not reasonably be returned to our desired level of profitability;
- Transitioning client programs to lower cost locations to improve profitability;
- Reducing our global operating costs, including general and administrative expenses;
- Reducing the size of our global workforce;
- Appointing new management teams in our North America, Europe, Asia Pacific and Latin America operations;

- Implementing a plan to improve workforce utilization, operational efficiencies and drive other cost containment measures;
- Expanding our lower cost, English speaking services in Argentina, Belfast, Canada, Mexico, India and the Philippines; and
- Establishing a solutions team to focus on the development of new products and services intended to differentiate our offering and deliver higher profit margins than our traditional services.

Segments

We classify our business activities into three segments: North American Customer Care, International Customer Care and Database Marketing and Consulting. These segments are consistent with our management of the Company and reflect our internal financial reporting structure and operating focus. North American Customer Care consists of customer management services provided to United States' and Canadian clients while International Customer Care consists of clients in all other countries. Our North American Customer Care business segment accounted for approximately 63.2%, 69.7% and 66.6% of total 2003, 2002 and 2001 revenue, respectively. Our International Customer Care business segment accounted for approximately 25.8%, 20.9% and 25.6% of total 2003, 2002 and 2001 revenue, respectively. All intercompany transactions between the reported segments for the periods presented have been eliminated.

As discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations, it is a significant Company strategy to garner additional business through the lower cost

opportunities offered by certain international countries. Accordingly, the Company provides services to certain U.S. clients from CMCs in Canada, India, Argentina, Mexico and the Philippines. Under this arrangement, while the U.S. subsidiary invoices 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 is recorded in the U.S. while a portion is recorded in the foreign location. For U.S. clients being fulfilled from Canadian locations and the Philippines, which represents the majority of these arrangements, the profits all remain within the North American Customer Care segment. For U.S. clients being fulfilled from other countries, a portion of the profits are reflected in the International Customer Care segment. 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 Customer Care segment.

Database Marketing and Consulting provides outsourced database management, direct marketing and related customer retention services for automobile dealerships and manufacturers in North America. Our database marketing and consulting segment accounted for approximately 11.0%, 9.4% and 7.8% of total 2003, 2002 and 2001 revenue, respectively.

In January 2003, the Company adopted the practice of allocating corporate operating expenses to segments based upon each segment's respective pro rata percentage of consolidated revenue. Prior to January 1, 2003, corporate operating expenses were shown as a separate segment. Segment information as of December 31, 2002 and 2001 has been restated to reflect this change.

Our Internet address is www.TeleTech.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports, are available free of charge on our Internet website under the heading "Investors" / "Annual Reports" and "Investors" / "SEC Filings." We will provide electronic or paper copies of our SEC filings free of charge upon request.

Customer Management Services (North American and International Customer Care)

Our Customer Management Services business manages telephone, e-mail, automated/interactive voice response and web-based customer interactions on behalf of our clients via CMCs throughout the world and represents approximately 89% of our total revenue. Approximately 95% of our Customer Management Services revenue comes from inbound customer interactions and 5% from outbound interactions. Accordingly, restrictions under the Do Not Call legislation do not have a material impact on our business.

Our Customer Management Services business includes:

- *Customer Acquisition Services:* We provide new account services including processing and fulfilling pre-sale information requests, verifying sales, activating services and directing customers to product or service sources, as well as initial post-sale support including operating instructions for the use of new products or services.
- *Customer Provisioning Services:* We manage front- and back-office processes from order to installation, including turning on service or trouble shooting installation.
- *Customer Support Services:* We manage customer support interactions, from complex transactions such as insurance claims processing, technical and help-desk support to more basic services such as billing support, account maintenance and complaint resolution.
- *Customer Development Services:* We provide sales information to help our clients identify high-value customers and seek to increase clients' sales through up-selling and cross-selling clients' products or services.

- *Customer Retention Programs:* We work in conjunction with clients to develop targeted customer satisfaction and loyalty programs to help manage customer attrition or turnover.
- *Other Customer-Related Programs:* Our customer management services also include aiding in collections, collecting market research from customers and performing outbound-call campaigns.

Many clients require a combination of the above services, which hereafter is referred to as customer management solutions. Additionally, we endeavor to develop on our own or with other companies, new products or services designed to meet particular client needs, which hereafter are referred to as solutions.

Our services are designed to manage customer relationships across multiple products and services, as well as countries, languages and communication channels. For many businesses managing customer relationships is not a core competency, so we offer an alternative that enables companies to leverage our customer management experience, infrastructure, technology and resources. Each solution is designed to increase customer satisfaction by delivery of customer support in a manner pleasing to customers. Our services encompass the following Company capabilities:

- Infrastructure deployment, including the securing, designing and building of data centers and CMCs;
- Recruitment, education and management of client-dedicated customer service representatives ("CSRs");
- Formulating and engineering operational process controls and quality control systems;
- Technology consulting and implementation, including the integration of hardware, software, network and computer-telephony technology; and
- Database management, which involves the accumulation, management and analysis of customer information to aid in the development of marketing strategies.

We provide services from turnkey CMCs leased, equipped and staffed by TeleTech (referred to as Fully Outsourced Programs) and CMCs owned or leased and equipped by our clients and staffed by TeleTech (referred to as Facilities Management Programs).

Our Fully Outsourced CMCs are utilized to serve either multiple clients (Multi-client Centers) or one dedicated client (referred to as Dedicated Centers). As noted above, we also provide Facilities Management services (Managed Centers) whereby the client owns or leases the CMC and equipment and we provide the staff and processes to operate the center. As of December 31, 2003, we had 24,201 workstations in 63 CMCs, of which 16 were Dedicated Centers, 31 were Multi-client Centers, and 16 were Managed Centers representing 6,660, 12,575 and 4,966 seats of capacity, respectively.

Markets and Clients—Customer Management Services

We primarily focus on large global corporations in the following industries: Automotive, Communications and Media, Financial Services, Government, Healthcare, Logistics, Retail, Technology and Travel. Communications and Media comprises approximately 50% of our total revenue, representing the largest portion of our client programs.

Percepta, our 55% owned joint venture with Ford Motor Company ("Ford"), provides customer management services to Ford customers and Ford internal locations.

We had two clients who represented more than 10% of 2003 total revenue: Verizon Communications ("Verizon") and Nextel Communications, Inc., which accounted for 17.4% and 14.3% of total revenue, respectively. As discussed in Management's Discussion and Analysis of Financial

Condition and Results of Operations under "Client Concentrations", Verizon revenue is expected to decline in 2004.

Certain of our telecommunication customers, which represent approximately one-third of our annual revenue, also provide us telecommunication services. We believe each of these supplier contracts is negotiated at arms-length and may be negotiated at different times and with different legal entities. Expenditures under these supplier contracts represent less than one-percent of total costs.

Sales and Marketing—Customer Management Services

We employ a team sales approach and seek to hire business development professionals with experience in our targeted industries.

We typically provide customer management services pursuant to written contracts with terms ranging from one to eight years and our contracts often contain renewal or extension options. Under virtually all of our significant contracts, we generate revenue based on the amount of time CSRs devote to a client's program. In addition, clients are typically required to pay fees relating to the implementation of the program including initial education and training of representatives, setup of the program, and development and integration of computer software and technology. Clients also may be required to pay fees relating to the management of the program and the recruiting, hiring and training of new CSRs to backfill vacant positions. Such fees may be billed as a separate charge upfront, or may be bundled into the production rate over the life of the contract.

Contracts may, depending upon our assessment of the associated risks and opportunities, include provisions such as: (i) performance-based pricing provisions, whereby the client may pay more or we may have to issue a credit, depending upon our ability to meet agreed upon performance metrics and (ii) a requirement for our clients to pay a fee in the event of early termination.

Most contracts have price adjustment terms allowing for cost of living adjustments and/or market changes in agent labor costs. Additionally, our client contracts generally contain provisions that designate the manner by which we receive payment for our services and allow us or the client to terminate the contract upon the occurrence of certain events.

Operations—Customer Management Services

We provide customer management services through the operation of 63 CMCs located in the U.S., Argentina, Australia, Brazil, Canada, China, India, Korea, Malaysia, Mexico, New Zealand, Northern Ireland, the Philippines, Scotland, Singapore, and Spain.

We apply predetermined site selection criteria to identify locations conducive to operating large-scale customer management facilities in a cost-effective manner. We pursue local government incentives such as tax abatements, cash grants, low-interest loans, training grants and low cost utilities. Following site

evaluations and cost analyses, as well as client considerations, a specific site is located and a lease is negotiated and finalized.

Once we take occupancy of a site, we use a standardized development process designed to minimize the time it takes to open a new CMC and control costs. The site is retrofitted to requirements that incorporate engineering, cost control and scheduling concepts while placing emphasis on the quality of the work environment. Upon completion, we integrate the new CMC into our corporate facility and asset management programs. Generally, we can establish a new, fully operational inbound CMC containing 450 or more workstations within 120 days after a lease is finalized and signed.

At least twice per year, we assess the expected long-term capacity utilization of our centers. Accordingly, we may, if deemed necessary, consolidate or shut down under-performing centers,

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including those impacted by a major loss of a client program, in order to maintain or improve targeted utilization and margins.

Quality Assurance—Customer Management Services

We monitor and measure the quality and accuracy of our customer interactions through regional quality assurance departments. These departments evaluate, on a real-time basis, a certain percentage of the customer interactions in a day, across all of the customer interaction mediums utilized within the center. Each center has the ability to enable its clients to monitor customer interactions as they occur. Using criteria mutually determined with the client, quality assurance professionals monitor, evaluate, and provide feedback to the representatives on a weekly basis. As appropriate, representatives are recognized for superior performance or scheduled for additional training and coaching.

Technology—Customer Management Services

Our technology platforms are designed to maximize the utilization of CMCs and increase the efficiency of CSRs. We use interaction routing technology designed to expedite response times, and workforce management systems designed to establish CSR staffing levels that most efficiently meet call volume demands. In addition, our technology platform allows for tracking of each customer interaction, filing the information within a relational database and generating reports on demand so that both our clients and our internal operations teams can analyze the performance of the client program and gain information regarding customer behaviors.

We have invested significant resources in designing and developing industry-specific open-systems software applications and tools and, as a result, maintain a library of reusable software code for use in future developments. We run our applications software on open-system, client-server architecture and use a variety of products developed by third party vendors. We continue to invest resources into the development and implementation of emerging customer management and technical support technologies.

Human Resources—Customer Management Services

Our ability to successfully provide customer management services is largely dependent upon our success in recruiting, hiring and training large numbers of employees within the costs we estimated when pricing our client's proposed business. We primarily offer full-time positions with competitive salaries and wages and a full range of employee benefits.

To sustain an adequate level of service and support for our clients' customers, our representatives undergo training before managing customer interactions and for many client programs, receive ongoing training on a regular basis. In addition to learning about the clients' corporate culture and specific product or service offerings, representatives receive training in the numerous media we use to execute our clients' customer management program.

Competition—Customer Management Services

We believe that we compete primarily with the in-house customer management operations of our current and potential clients. We also compete with certain companies that provide customer management services on an outsourced basis, including Accenture, Convergys Corporation, EDS, IBM, SITEL Corporation and Sykes Enterprises Incorporated, among others. In certain instances, we also work with some of these companies on a sub-contract basis. We compete primarily on the basis of experience, scale, quality and scope of services, speed and flexibility of implementation, technological expertise, price and contractual terms. A number of competitors may have greater capabilities and resources than ours. Similarly, there can be no assurance that additional competitors with greater resources than ours will not enter our market.

International Operations—Customer Management Services

Our International Operations consist of customer management services provided to clients located in facilities outside of the U.S. and Canada, including Europe, Latin America and Asia Pacific. Our businesses in these three regions are operated and managed as described above; however, there are some minor differences. Outbound programs represent a higher percentage of our client programs internationally than in North America. In one international location the employees are subject to collective bargaining agreements under national labor laws. Additionally, competition in our international locations includes smaller, local providers of customer management services in addition to the global providers listed above.

Database Marketing and Consulting

We operate our Database Marketing and Consulting segment through our wholly owned subsidiary Newgen Results Corporation, which represents 11% of our total revenue. We provide outsourced database management, direct marketing and related customer retention services for automotive dealerships' service departments and automobile manufacturers primarily in North America.

Our Database Marketing and Consulting services primarily consist of direct marketing campaigns involving direct mailing and outbound teleservice follow-up to promote automobile service business from a dealership's own customer base.

Markets and Clients—Database Marketing and Consulting

Our Database Marketing and Consulting services are provided to automotive dealers and manufacturers in the U.S. and Canada. We have contracts with over 7,000 automobile dealers representing 12 different brand names. Additionally, we provide services directly to automobile manufacturers primarily related to national sales and service promotions.

Sales and Marketing—Database Marketing and Consulting

In this segment we employ sales professionals located in major markets throughout the U.S. and Canada.

Operations—Database Marketing and Consulting

We believe we have developed expertise in the operational aspects of database management, direct marketing and teleservice. Our core competencies include: developing and installing databases with dealership-specific information; downloading dealership data through our automated computer system; compiling related data; maintaining automobile maintenance schedules; and providing systems for direct mail- and teleservice-based customer solicitation.

Quality Assurance—Database Marketing and Consulting

We are ISO 9000:2000 certified and we undergo semi-annual surveillance audits to maintain this certification. We monitor and measure the ongoing quality and accuracy of our processes and systems associated with our products through operational metrics. These metrics are routinely evaluated against the current business environment to ensure that the customers' needs and expectations are taken into consideration.

Technology—Database Marketing and Consulting

We have invested significant resources in designing and developing proprietary industry-specific software applications and tools and as a result, maintain a library of reusable software code for use in

future developments. We continue to invest resources into the development and implementation of emerging automotive customer services.

Human Resources—Database Marketing and Consulting

We aim to recruit and hire management with experience in automotive manufacturers or dealerships to enable us to provide our clients with a deep understanding of dealership operations and processes. Our employees receive training before managing customer interactions and for many client programs, receive ongoing training on a regular basis.

Competition—Database Marketing and Consulting

We operate in a highly competitive business environment. We compete with a variety of companies, including large national or multinational companies and smaller regional or local companies. Our two significant national competitors are Reynolds & Reynolds, Co., and Moore Corporation Limited. Smaller competitors include Autobytel, On-line Administrators, and eLeads. In addition, R.L. Polk has offered services that are similar to ours on a limited basis. As the trend toward dealership consolidation continues, dealerships will also be able to create internal economies of scale, and could choose to satisfy their database management and direct marketing needs internally. Our ability to compete effectively will depend on a number of factors including our knowledge of dealership service department operations, the perceived value of the services we offer, the state of our relationships with automobile manufacturers, the quality and breadth of our service, our ability to identify, develop and offer innovative services, our ability to overcome difficulties associated with replacing incumbent service providers and pricing and reputation among dealerships.

Joint Ventures

During the first quarter of 2000, we formed a joint venture with Ford, Percepta, to provide global customer management solutions for Ford and other automotive companies. Percepta is currently providing such services in the United States, Canada, Australia and Scotland. We own 55% and Ford owns 45%, and each joint venture partner shares in the profits, dividends and any distributions of assets in accordance with its ownership percentage.

In connection with this formation, we issued stock purchase warrants to Ford entitling Ford to purchase 750,000 shares of TeleTech common stock for $12.47 per share. These warrants were valued at $5.1 million using the Black Scholes Option model. The warrants expire on December 31, 2005.

In April 2003, we 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, TeleTech and Bharti participate in a joint venture known as TeleTech Services India Private Limited ("TeleTech India"). Initially, TeleTech and Bharti each had a 50% ownership interest in TeleTech India with TeleTech having the ability to acquire up to 80% of the venture. In February 2004, we acquired an additional 10% interest in TeleTech India, bringing our total ownership interest to 60%.

Employees

As of December 31, 2003, we had over 33,000 employees in 16 countries and approximately 87% of these employees held full-time positions. Our industry is very labor-intensive and traditionally experiences significant personnel turnover. In one international location the employees are subject to collective bargaining agreements mandated under national labor laws.

Seasonality

Historically we have experienced a seasonal impact in the fourth quarter primarily related to higher volumes from a few clients in the package delivery business and other seasonal industries.

Working Capital

Information about our liquidity is contained in Management's Discussion and Analysis of Financial Condition and Results of Operations under "Liquidity and Capital Resources".

Risk Factors

You should not construe the following cautionary statements as an exhaustive list. We cannot always predict what factors would cause actual results to differ materially from those indicated in our forward-looking statements. All cautionary statements should be read as being applicable to all forward-looking statements wherever they appear. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur.

Forward-looking information may prove to be inaccurate. Some of the information presented in this Annual Report on Form 10-K constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements that include terms such as "may," "will," "intend," "anticipate," "estimate," "expect," "continue," "believe," "plan," or the like, as well as all statements that are not historical facts. Forward-looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from current expectations. Although we believe our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, there can be no assurance that actual results will not differ materially from expectations. Factors that could cause actual results to differ from expectations or have a material adverse effect upon our business include:

Reliance on a Few Major Clients. We strategically focus our marketing efforts on developing long-term relationships with large, global companies in targeted industries. As a result, we derive a substantial portion of our revenue from relatively few clients. There can be no assurance that we will not become more dependent on a few significant clients, that we will be able to retain any of our largest clients, that the volumes or profit margins of our most significant programs will not be reduced, or that we would be able to replace such clients or programs with clients or programs that generate comparable profits. Consequently, reduced profitability from the loss of one or more of our significant clients could have a material adverse effect on our business, results of operations or financial condition. See "Client Concentrations" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Dependence on the Success of Our Clients' Products and Services. In substantially all of our client programs, we generate revenue based, in large part, on the amount of time that our personnel devote to a client's customers. Consequently, and due to the inbound nature of our business, the amount of revenue generated from any particular client program is dependent upon consumers' interest in, and use of, the client's products and/or services. There can be no assurance as to the number of consumers who will use the products and services of our clients, and who will therefore need our services, or that our clients will develop new products or services that will continue to require our services.

Risks Associated with an Economic Downturn. Our ability to enter into new multi-year contracts, particularly large, complex client contracts, may be dependent upon the general macroeconomic environment in which our clients and their customers are operating. A weakening of the U.S. and/or global economy could cause longer sales cycles, delays in closing new business opportunities and slower growth or a reduction in revenue from existing contracts. Additionally, an economic downturn could negatively impact the financial condition of existing clients, thus increasing our risk of not receiving payment for our services.

Risks Associated with Changes in Outsourcing and Telecommunications Regulations. Changes in U.S. federal and state outsourcing requirements, restrictions and disclosures could affect the sales of our services. In particular, we believe there may be future changes in U.S. outsourcing requirements and disclosures that could slow the expansion of our overseas operations and materially adversely affect our business, operating results, and financial condition. Additionally, in the U.S., some of our services must comply with various federal and state requirements and regulations regarding the method and practices of placing outbound telephone calls. Changes in these regulations could slow the growth of these services and impose additional costs to our operations.

Risks Associated with Our Contracts. Most of our contracts do not ensure that we will generate a minimum level of revenue, and the profitability of each client program may fluctuate, sometimes significantly, throughout the various stages of such program. Although we seek to sign multi-year contracts with our clients, our contracts generally enable the clients to terminate the contract, or terminate or reduce customer interaction volumes. Although our larger contracts generally require the client to pay a contractually agreed amount in the event of early termination, there can be no assurance that we will be able to collect such amount. We are usually not designated as our client's exclusive service provider. Certain contracts have performance-related bonus and/or penalty provisions, whereby the client may pay a bonus or we may have to issue a credit, depending upon our ability to meet agreed upon performance metrics. We cannot be certain that we will achieve bonuses or avoid penalties.

Sales/Use Tax Liabilities. We may be subject to past and future sales or use tax liabilities. While it is common practice to pass through sales tax to clients, there is no assurance that we will be successful in doing so. Use taxes are generally borne by the Company and are considered a cost of doing business. If we determine that we have significant past or future obligations, it could have an adverse affect on future results of operations.

Risks Associated with Financing Activities. From time to time, we may need to obtain debt or equity financing for capital expenditures, for payment of existing obligations and to replenish cash reserves. There can be no assurance that we will be able to obtain such debt or equity financing, or that any such financing would be on terms acceptable to us. Additionally, our existing debt agreements require us to comply with certain financial covenants. There is no assurance that we will be able to meet these covenants or, in the event of noncompliance, will be able to obtain waivers or amendments from the lenders. We also have risks related to our "make-whole" commitment and our swap agreement described in Management's Discussion and Analysis of Financial Condition and Results of Operations under "Liquidity and Capital Resources".

Risks Associated with International Operations and Expansion. We currently conduct business in Argentina, Australia, Brazil, Canada, China, India, Korea, Malaysia, Mexico, New Zealand, Northern Ireland, the Philippines, Scotland, Singapore, and Spain. One component of our growth strategy is continued international expansion. There can be no assurance that we will be able to (i) increase our market share in the international markets in which we currently conduct business or (ii) successfully market, sell and deliver our services in additional international markets. In addition, there are certain risks inherent in conducting international business, including exposure to currency fluctuations, longer payment cycles, attracting and retaining qualified labor in foreign locations, greater difficulties in accounts receivable collection, difficulties in complying with a variety of foreign laws, including foreign labor laws, unexpected changes in

regulatory requirements, difficulties in managing capacity utilization and in staffing and managing foreign operations, political instability and potentially adverse tax consequences. Any one or more of these factors could have a material adverse effect on our international operations and, consequently, on our business, results of operations or financial condition.

Risks Associated with Finding New Locations. Our future success will be greatly dependent upon being able to find cost effective locations in which to operate both domestically and internationally. There is no assurance that we will be able to find cost effective locations, obtain favorable lease terms and build or retrofit facilities in a timely or economic manner.

Risks Associated with Cost and Price Increases. Most of our larger contracts allow us to increase our service fees if and to the extent certain cost or price indices increase. The majority of our expenses are payroll or payroll related. Included in payroll related costs are healthcare costs. Over the past several years, healthcare costs have increased at a rate much greater than that of general cost or price indices. Increases in our service fees that are based upon increases in cost or price indices may not fully compensate us for increases in labor and other costs incurred in providing services.

Difficulties of Managing Capacity Utilization. Our profitability is influenced significantly by our CMC capacity utilization. We attempt to maximize utilization; however, because the majority of our business is inbound, we have significantly higher utilization during peak (weekday) periods than during off-peak (night and weekend) periods. We have experienced periods of idle capacity, particularly in our multi-client CMCs. In addition, we have experienced, and in the future may experience, at least in the short-term, idle peak period capacity when we open a new CMC or terminate or complete a large client program. At least twice per year we assess the expected long-term capacity utilization of our centers. Accordingly, we may, if deemed necessary, consolidate or close under-performing centers in order to maintain or improve targeted utilization and margins. There can be no assurance that we will be able to achieve or maintain optimal CMC capacity utilization. During 2003, we closed our CMC in Kansas City, Kansas due to a loss of a client program. If we have to close CMCs in the future, we will record restructuring or impairment charges, which will adversely affect results of operations.

Highly Competitive Market. We believe the market in which we operate is fragmented and highly competitive and competition is likely to intensify in the future. We compete with small firms offering specific applications, divisions of large entities, large independent firms and, most significantly, the in-house operations of clients or potential clients. A number of competitors may develop greater capabilities and resources than ours. Similarly, there can be no assurance that additional competitors with greater resources than us will not enter our market. Because our primary competitors are the in-house operations of existing or potential clients, our performance and growth could be adversely affected if our existing or potential clients decide to provide in-house customer management services they currently outsource, or retain or increase their in-house customer service and product support capabilities. In addition, competitive pressures from current or future competitors also could cause our services to lose market acceptance or result in significant price erosion, which could have a material adverse effect upon our business, results of operations and financial condition.

Difficulties of Future Growth. Continued future growth will depend on a number of factors, including the general macroeconomic conditions of the global economy and our ability to (i) initiate, develop and maintain new client relationships and expand our existing client programs; (ii) recruit, motivate and retain qualified management and front-line personnel; (iii) rapidly identify, acquire or lease suitable CMC facilities on acceptable terms, and complete the build out of such facilities in a timely and economic fashion; and (iv) maintain and develop new solutions we provide to our clients. There can be no assurance we will be able to effectively manage our expanding operations or maintain our profitability. If we are unable to effectively manage our growth, our business, results of operations or financial condition could be materially adversely affected.

Risks Associated with Rapidly Changing Technology. Our business is highly dependent on our computer and telecommunications equipment and software capabilities. Our failure to maintain our technological capabilities or to respond effectively to technological changes could have a material adverse effect on our business, results of operations or financial condition. Our continued growth and future profitability will be highly dependent on a number of factors, including our ability to (i) expand our existing solutions offerings; (ii) achieve cost efficiencies in our existing CMC operations; and (iii) introduce new solutions that leverage and respond to changing technological developments. There can be no assurance that technologies or services developed by our competitors will not render our products or services non-competitive or obsolete, that we can successfully develop and market any new

services or products, that any such new services or products will be commercially successful or that the integration of automated customer support capabilities will achieve intended cost reductions.

Dependence on Key Personnel. Our success will depend upon our ability to maintain our infrastructure by recruiting and retaining qualified, experienced executive personnel. Competition in our industry for executive-level personnel is strong and there can be no assurance that we will be able to hire, motivate and retain highly effective executive employees, or that we can do so on economically feasible terms.

Dependence on Labor Force. Our success is largely dependent on our ability to recruit, hire, train and retain qualified employees. Our industry is very labor-intensive and has experienced high personnel turnover. A significant increase in the employee turnover rate could increase recruiting and training costs and decrease operating effectiveness and productivity. Also, if we obtain several significant new clients or implement several new, large-scale programs, we may need to recruit, hire and train qualified personnel at an accelerated rate. We may not be able to continue to hire, train and retain sufficient qualified personnel to adequately staff new customer management programs. Because a significant portion of our operating costs relate to labor costs, an increase in wages, costs of employee benefits or employment taxes could have a material adverse effect on our business, results of operations or financial condition. In addition, certain of our CMCs are located in geographic areas with relatively low unemployment rates, which could make it more difficult and costly to hire qualified personnel.

Difficulties of Completing and Integrating Acquisitions and Joint Ventures. In the past, we have pursued, and in the future we may continue to pursue, strategic acquisitions of companies with services, technologies, industry specializations or geographic coverage that extend or complement our existing business. There can be no assurance that we will be successful in integrating such companies into our existing businesses, or that any completed acquisition will enhance our business, results of operations or financial condition. We have faced, and in the future may continue to face, increased competition for acquisition opportunities, which may inhibit our ability to consummate suitable acquisitions on favorable terms. We may require additional debt or equity financing for future acquisitions, and such financing may not be available on terms favorable to us, if at all. As part of our growth strategy, we also may pursue strategic alliances in the form of joint ventures and partnerships. Joint ventures and partnerships involve many of the same risks as acquisitions, as well as additional risks associated with possible lack of control. Our general policy is to always seek control and avoid being the minority interest holder.

Risk of Business Interruption. Our operations are dependent upon our ability to protect our locations' computer and telecommunications equipment and software systems against damage or interruption from fire, power loss, cyber attacks, telecommunications interruption or failure, natural disaster and other similar events. In the event we experience a temporary or permanent interruption at one or more of our locations, through casualty, operating malfunction or otherwise, our business could be materially adversely affected and we may be required to pay contractual damages to some clients or allow some clients to terminate or renegotiate their contracts with us. We maintain property and business interruption insurance; however, such insurance may not adequately compensate us for any losses we may incur.

Variability of Quarterly Operating Results. We have experienced and could continue to experience quarterly variations in operating results because of a variety of factors, many of which are outside our control. Such factors include the timing of new contracts; labor strikes and slowdowns in the business of our clients; reductions or other modifications in our clients' marketing and sales strategies; the timing of new product or service offerings; the expiration or termination of existing contracts or the reduction in existing programs; the timing of increased expenses incurred to obtain and support new business; changes in the revenue mix among our various service offerings; and the seasonal pattern of certain businesses served by us. In addition, we make decisions regarding staffing levels, investments

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and other operating expenditures based on our revenue forecasts. If our revenue are below expectations in any given quarter, our operating results for that quarter would likely be materially adversely affected.

Foreign Currency Exchange Risk. We are exposed to the market risk associated with foreign currency exchange fluctuations. Although we have entered into forward financial instruments to manage and reduce the impact of changes in certain foreign currency rates, there can be no assurance that such instruments will protect us from foreign currency fluctuations or that we have or will have instruments in place with respect to the most volatile currencies. We service several of our most significant U.S. clients from CMCs in Canada. Under the terms of these agreements, we receive payment in U.S. dollars but our costs are denominated in Canadian dollars. During 2003, the Canadian dollar strengthened 18.2% against the U.S. dollar. While our hedging strategy effectively offset a portion of these price increases during 2003, if the current exchange rates do not change, or if the Canadian dollar continues to strengthen, it could adversely impact the profits we earn on these contracts in the future.

See Note 2 to the Consolidated Financial Statements for information on Business Segment Reporting and Geographic Region Disclosure.

Item 2. *Properties*.

Our corporate headquarters are located in Englewood, Colorado, in approximately 272,000 square feet of office space. In February 2003, we purchased our corporate headquarters building, including furniture and fixtures, for $38.2 million. As of December 31, 2003, we operated in 63 CMCs plus one facility for our Database Marketing and Consulting segment, designated as follows:

- Dedicated Center—we lease space for these centers and dedicate the entire facility to one client.
- Multi-Client Center—we lease space for these centers and serve multiple clients in each facility.
- Managed Center—these facilities are leased or owned by our clients, and we manage these sites on behalf of our clients in accordance with facility management contracts.

Our Customer Management Services segments include CMCs in the following locations as of December 31, 2003:

Location	Number of CMCs
United States	18
International:	
Argentina	2
Australia	6
Brazil	3
Canada	8
China	1
India	1
Korea	1
Malaysia	1
Mexico	2
New Zealand	3
Northern Ireland	1
Philippines	1
Singapore	3
Scotland	2
Spain	10

In addition, our Database Marketing and Consulting segment leases space in San Diego, California.

We entered into a lease agreement in October 2003 for another facility in Manila, Philippines for use as a CMC. Occupancy began in the first quarter of 2004. In addition, our India joint venture entered into a lease agreement in February 2004 for a facility in Gurgaon, India for a CMC. Occupancy began in the first quarter of 2004. We also lease facilities in Irvine, California, Livonia, Michigan and Thornton, Colorado that are subleased to third parties. The lease in Topeka, Kansas terminates March 31, 2004 at which time we will exit the lease. The costs associated to exit and other restructuring costs are expected to be less than $0.3 million. We also lease four small administrative offices occupied by support staff.

The leases for our U.S. CMCs have terms ranging from three to 20 years and generally contain renewal options. We believe that our existing CMCs are suitable and adequate for our current operations. We target capacity utilization in our fully outsourced centers at 90%, up from a previous target of 85%, of our available workstations during peak (weekday) periods. However, there is no assurance we will be able to achieve this targeted utilization in the future. Our plans for 2004 include expanding existing or developing several new centers.

Item 3. ***Legal Proceedings.***

From time to time we may be involved in claims or lawsuits that arise in the ordinary course of business. Accruals for claims or lawsuits have been provided for to the extent that losses are deemed probable and estimable. Although the ultimate outcome of these claims or lawsuits cannot be ascertained, on the basis of present information and advice received from counsel, it is our opinion that the disposition or ultimate determination of such claims or lawsuits will not have a material adverse effect on the Company.

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

No matters were submitted to a vote of the Company's stockholders during the fourth quarter of its fiscal year ended December 31, 2003.

Executive Officers of TeleTech Holdings, Inc.

In accordance with General Instruction G(3) of this Form 10-K, the following information is included as an additional item in Part I:

Name	Position	Age	Date Position Assumed
Kenneth D. Tuchman(1)	Chairman and Chief Executive Officer	44	2001
James E. Barlett(2)	Vice Chairman	60	2001
James B. Kaufman(3)	President and GM, Commercial and Government	42	2002
Dennis J. Lacey(4)	Executive Vice President and Chief Financial Officer	50	2003
Sharon A. O'Leary(5)	Senior Vice President, General Counsel and Secretary	45	2002
John R. Simon(6)	Senior Vice President, Human Resources	39	2001

(1) Mr. Tuchman founded TeleTech's predecessor company in 1982 and has served as the Chairman of the Board of Directors since TeleTech's formation in 1994. Mr. Tuchman served as the Company's President and Chief Executive Officer from the Company's inception until October 1999. In

March 2001, Mr. Tuchman resumed the position of Chief Executive Officer. Mr. Tuchman is also a member of the State of Colorado Governor's Commission on Science and Technology and on the Board of Directors for the Center for Learning and Leadership.

(2) Mr. Barlett was elected to the Board of Directors of TeleTech in February 2000 and has served as Vice Chairman of TeleTech since October 2001. Before joining TeleTech as Vice Chairman, Mr. Barlett served as the President and Chief Executive Officer of Galileo International, Inc. from 1994 to 2001, was elected Chairman in 1997 and served until 2001. Prior to joining Galileo, Mr. Barlett served as Executive Vice President of Worldwide Operations and Systems for MasterCard International Corporation, where he was also a member of the MasterCard International Operations Committee. Previously, Mr. Barlett was Executive Vice President of Operations for NBD Bankcorp, Vice Chairman of Cirrus, Inc., and a partner with Touche Ross and Co., currently known as Deloitte and Touche. Mr. Barlett also serves on the board of Korn/Ferry International.

(3) Mr. Kaufman was named President and GM, Commercial and Government in September 2003 and in 2002 was named as Executive Vice President, Sales, Solutions and Marketing. Since 1999, he had served as the Company's Executive Vice President, General Counsel and Secretary. Before joining TeleTech in 1999, Mr. Kaufman served as Vice President—Law at Orion Network Systems (renamed Loral Cyberstar following its acquisition by Loral Space & Communications in March 1998), a publicly traded international satellite-based communications company. Before joining Orion in 1994, Mr. Kaufman was engaged in private law practice, most recently with Proskauer Rose, a national law firm.

(4) Mr. Lacey joined TeleTech in May 2003 as Executive Vice President and Chief Financial Officer. Prior to joining TeleTech, Mr. Lacey was Executive Vice President and Chief Financial Officer of CKE Restaurants, Inc. Prior to joining CKE Restaurants, Inc., Mr. Lacey was Chief Financial Officer of Imperial Bancorporation. Prior to his employment at Imperial, Mr. Lacey served as President and Chief Executive Officer of Capital Assets, Inc. Before his position at Capital Associates, Mr. Lacey was an audit partner with Coopers and Lybrand. Mr. Lacey holds a bachelor of arts degree in accounting from the University of West Florida, Pensacola, FL.

(5) Ms. O'Leary joined TeleTech in 2002 from LoneTree Capital, a venture capital firm, where she was Senior Vice President and General Counsel. Prior to LoneTree Capital, Ms. O'Leary was Vice President-Law with MediaOne Group where she managed the general corporate, litigation, risk management, human resources and public relations advice areas of the law department. Ms. O'Leary also managed the board of directors as assistant secretary. Prior to joining MediaOne Group, Ms. O'Leary worked for U S WEST in a variety of legal areas including mergers and acquisitions, commercial transactions, international joint ventures, new product development, and regulatory issues. In addition to her work at U S WEST, Ms. O'Leary was a partner with the law firm of Browning, Kaleczyc, Berry & Hoven, P.C. Ms. O'Leary earned her undergraduate degree with honors from Dominican College in 1981, and

her juris doctorate with honors from New York Law School in 1985.

(6) Mr. Simon joined TeleTech in 1999 and has served as TeleTech's Senior Vice President, Human Resources since July 2001. Prior to his current role, Mr. Simon was the Company's associate general counsel, handling labor and employment, as well as insurance and regulatory issues and also served as General Counsel during 2002. Before joining TeleTech, Mr. Simon was a partner at the New York law firm Hallenbeck, Lascell, Norris and Heller. Mr. Simon's private law practice focused on litigating employment and commercial matters, as well as business counseling for corporate clients. Mr. Simon holds an undergraduate degree from Colorado College and a law degree from Georgetown University.

There are no family relationships between any director, executive officer, or person nominated or chosen by the registrant to become a director or executive officer.

PART II

Item 5. *Market for Registrant's Common Equity and Related Stockholder Matters*.

The Company's common stock is traded on the Nasdaq National Stock Market under the symbol "TTEC." The following table sets forth the range of the high and low sales prices per share of the common stock for the quarters indicated as reported on the Nasdaq Stock Market:

	High	Low
First Quarter 2003	$ 7.98	$ 4.45
Second Quarter 2003	$ 5.55	$ 3.65
Third Quarter 2003	$ 7.42	$ 3.31
Fourth Quarter 2003	$ 12.00	$ 5.72
First Quarter 2002	$ 16.05	$ 10.55
Second Quarter 2002	$ 14.18	$ 8.21
Third Quarter 2002	$ 9.62	$ 4.97
Fourth Quarter 2002	$ 9.24	$ 5.84

As of March 2, 2004, there were 75,287,300 shares of common stock outstanding, held by approximately 114 stockholders of record.

We did not declare or pay any dividends on our common stock in 2003 or 2002 and we do not expect to do so in the foreseeable future. Our debt agreements prohibit payment of cash dividends. In 2001, the Board of Directors authorized the repurchase of up to $25 million of our common stock, which was completed during 2002. In December 2002, the Board of Directors authorized the continuation of our repurchase program authorizing the repurchase of up to an additional $25 million of our common stock, of which $1.2 million had been repurchased as of December 31, 2003. Our debt agreements limit the amount of share repurchases.

Item 6. *Selected Financial Data*.

The following selected financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Financial Statements and the related notes appearing elsewhere in this report. The financial information for years prior to 2000 have been restated to reflect the August 2000 business combination with Contact Center Holdings, S.L. and

the December 2000 business combination with Newgen Results Corporation, both of which were accounted for using the pooling-of-interests method of accounting.

	Year Ended December 31,				
	2003	2002	2001	2000	1999
	(in thousands, except per share and operating data)				
Statement of Operations Data:					
Revenues	$ 992,340	$ 1,017,436	$ 916,144	$ 885,349	$ 604,264
Costs of services	702,610	712,585	587,423	557,681	403,648
SG&A and other operating expenses	220,876 (9)	241,231 (6)	237,253 (4)	206,750 (3)	117,758
Depreciation and amortization	58,596	57,725	60,308	48,001	32,661
Income from operations	10,258	5,895	31,160	72,917	50,197
Other income (expense)	(13,030)	(10,263)(7)	(31,401)(5)	49,386 (2)	7,561(1)
Provision for income taxes	37,218 (10)	1,606	174	46,938	20,978
Minority interest	(1,216)	760	(1,510)	(1,559)	—
Income (loss) before cumulative effect of change in accounting principle	(41,206)	(5,214)	(1,925)	73,806	36,780
Cumulative effect of change in accounting principle	—	(11,541)(8)	—	—	—

	2003	2002	2001	2000	1999
Net income (loss)	$ (41,206)	$ (16,755)	$ (1,925)	$ 73,806	$ 36,780
Net income (loss) per share—					
Basic	$ (0.56)	$ (0.22)	$ (0.03)	$ 1.00	$ 0.51
Diluted	$ (0.56)	$ (0.22)	$ (0.03)	$ 0.93	$ 0.49
Average shares outstanding—					
Basic	74,206	76,383	75,804	74,171	70,557
Diluted	74,206	76,383	75,804	79,108	74,462
Operating Data:					
Number of production workstations	24,497	23,263	19,893	20,600	13,800
Number of customer management centers	64	55	48	50	33
Balance Sheet Data:					
Working capital	$ 182,510	$ 190,897	$ 185,205	$ 173,123	$ 111,850
Total assets	551,274	540,588	573,939	580,899	362,579
Long-term debt, net of current portion	102,463	76,584	83,997	74,906	27,404
Total stockholders' equity	288,817	306,159	347,950	363,365	253,145

(1) Includes a $6.7 million gain from a contract settlement payment made by a former client.

(2) Includes the following items: a $57.0 million gain on the sale of securities, $10.5 million of business combination expenses relating to two pooling-of-interest transactions, and a $4.0 million gain on the sale of a subsidiary.

(3) Includes the following items: an $8.1 million loss on the closure of a subsidiary and three customer management centers and a $9.0 million loss on the termination of a lease on the Company's Planned Headquarters Building.

(4) Includes the following items: $18.5 million of restructuring charges related to the termination of approximately 500 employees, a $7.7 million loss on the closure of a customer management center ("CMC") and a $7.0 million loss on the sale of the Company's Planned Headquarters Building.

(5) Includes a loss of $16.5 million for an other-than-temporary decline in the value of the investment in enhansiv holdings, inc. ("EHI") and a $0.7 million charge for a workforce reduction at EHI.

(6) Includes the following items: $32.8 million non-cash impairment loss related to fixed assets in the U.S., Spain and Argentina, $6.3 million of restructuring charges related to the termination of approximately 400 employees, a $1.2 million loss on the closure of several CMCs and a $1.9 million loss on the impairment of a property lease.

(7) Includes a $2.3 million loss related to acquiring the remaining common stock of EHI.

(8) Reflects the impairment of goodwill upon adoption of SFAS No. 142.

(9) Includes a $3.6 million accrual for an estimated sales or use tax liability related to the Database Marketing and Consulting segment; a $7.0 million charge related to the impairment of fixed assets in connection with SFAS No. 144; a $5.6 million charge related to a reduction in force and facility exit charges in connection with SFAS No. 146; a $1.9 million benefit related to revised estimates of restructuring charges.

(10) Includes a $36.1 million charge primarily for the impairment of deferred tax assets and the write-off of certain deferred tax assets.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Executive Overview

We serve our clients through two primary businesses: (i) Customer Management Services, which provides outsourced customer support and marketing services for a variety of industries via call centers ("customer management centers", or "CMCs") throughout the world; and (ii) Database Marketing and Consulting. We separate our Customer Management Services business into two segments consistent with our management of the business, which generally reflects the internal financial reporting structure and operating focus. North American Customer Care consists of customer management services provided to United States' and Canadian clients while International Customer Care consists of clients in all other countries. Database Marketing and Consulting provides outsourced database management, direct marketing and related customer retention services for automobile dealerships and manufacturers. Segment accounting policies are the same as those used in the consolidated financial statements. See Note 2 to the Consolidated Financial Statements for additional discussion regarding preparation of segment information.

Customer Management Services

The Customer Management Services segment generates revenue based primarily on the amount of time our representatives devote to a client's program. Revenue is recognized as services are provided. The majority of our revenue is, and we anticipate that the majority of our future revenue will continue to be, from multi-year contracts. However, we do provide some programs on a short-term basis and our operations outside of North America are characterized by shorter-term contracts. Additionally, we typically experience client attrition of approximately 10% to 15% of our revenue each year. Our invoice terms with customers range from 30 days to 45 days, excluding longer terms in Europe and prepay arrangements.

We compete primarily with the in-house customer management operations of our current and potential clients. We also compete with certain companies that provide customer management services on an outsourced basis. Over the last several years, the global economy has had a negative impact on the customer care management market. More specifically, sales cycles have lengthened, competition has increased, and contract values have been reduced.

Our revenue growth has been significantly impacted by the lengthening sales cycles and we have encountered delays in the closing of new sales opportunities for large client programs during 2003 and 2002. However, during the first quarter of 2002, we launched a significant new client contract, which led to an increase in our revenue from the year ended December 31, 2001 to 2002.

As discussed under "Client Concentrations" on page 35, North American Customer Care revenue in 2003 includes $31.5 million of revenue associated with a certain client that is expected to be reduced to $8.5 million in 2004 without a corresponding decrease in cost of sales.

The short-term focus of management is to increase revenue by:

- selling new business to existing customers;
-

- continuing to focus sales efforts on large, complex, multi-center opportunities; and

- differentiating our products and services by developing and offering new solutions to clients.

Our ability to enter into new multi-year contracts, particularly large complex opportunities, is dependent upon the macroeconomic environment in general and the specific industry environments in which our customers are operating. A weakening of the U.S. and/or global economy could further lengthen sales cycles or cause delays in closing new business opportunities.

Our profitability is significantly influenced by our ability to increase capacity utilization in our CMCs, the number of new or expanded programs during a period and our success at managing personnel turnover and employee costs. Managing our costs is critical since we continue to see pricing pressure within our industry. The pricing pressures have been exacerbated by the rapid growth of offshore labor.

We attempt to minimize the financial impact resulting from idle capacity when planning the development and opening of new CMCs or the expansion of existing CMCs. As such, management considers numerous factors that affect capacity utilization, including anticipated expirations, reductions, terminations or expansions of existing programs, and the size and timing of new client contracts that we expect to obtain.

However, to respond more rapidly to changing market demands, implement new programs and expand existing programs, we may be required to commit to additional capacity prior to the contracting of additional business, which may result in idle capacity. This is largely due to the significant time required to negotiate and execute a contract as we continue to concentrate our marketing efforts toward obtaining larger, more complex, customer management programs.

We target capacity utilization in our fully outsourced centers at 90%, up from a previous target of 85%, of our available workstations during the weekday period. As of December 31, 2003, capacity utilization in our multi-client centers was 70%.

Our profitability is also influenced by the number of new or expanded client programs. As required by the adoption of EITF 00-21 for contracts entered into after July 1, 2003 (see "Critical Accounting Policies" for further discussion), in the event that a client may be billed for direct start-up costs, the associated revenue and costs are to be deferred and recognized straight-line over the life of the contract. In the event that a client cannot be billed for direct start-up costs, then those start-up costs are to be expensed when incurred. We strive to enter contracts where our clients pay separately for start-up costs as opposed to incorporating them into the ongoing production rate. In the fourth quarter 2003, we implemented multiple programs where the client was billed for direct start-up costs. As a result, our 2003 fourth quarter revenue and income from operations decreased by $3.3 million and $2.1 million, respectively.

Our industry is very labor-intensive and the majority of our operating costs relate to wages, costs of employee benefits and employment taxes. An improvement in the local or global economies where our CMCs are located could lead to increased labor-related costs. In addition, our industry experiences high personnel turnover, and the length of training required to implement new programs continues to increase due to increased complexities of our clients' businesses. This may create challenges if we obtain several significant new clients or implement several new, large-scale programs, and need to recruit, hire and train qualified personnel at an accelerated rate.

Our success in improving our profitability will depend on successful execution of a comprehensive business plan, including the following steps:

- increasing sales to absorb unused capacity in existing global CMCs;

- reducing costs and continued focus on cost controls; and

- effectively managing our workforce in domestic and international CMCs.

Database Marketing and Consulting

The Database Marketing and Consulting segment has contracts with over 7,000 automobile dealers representing 12 different brand names. These contracts generally have terms ranging from twelve to twenty-four months. For a few major automotive manufacturers, the automotive manufacturer collects from the individual automobile dealers on our behalf. Our average collection period is 30 to 60 days.

Revenue from this segment is generated primarily from direct marketing campaigns involving direct mailing and outbound teleservice follow-up to promote automobile service business from a dealership's own customer base. This segment has experienced year-over-year revenue growth through expansion to additional automobile dealers and additional products. However, due to a combination of factors, both internal and external (such as client renewals and new product launch costs), we are currently forecasting a material decline in operating income in this segment in 2004, even after a reduction in force that occurred in the first quarter of 2004. To offset this decline, we plan to expedite the entry of new products and will continue to look for ways to reduce costs.

We plan to focus on the following in 2004:

- continue to increase revenue by expanding our offerings;

- diversifying our customer base by establishing relations with dealer groups and non-current customer automotive manufacturers; and

- continuing to drive cost reductions through a combination of reductions in force and operational effectiveness.

Fourth Quarter Adjustments

In the fourth quarter of 2003, we made numerous adjustments. We reversed the remaining $2.9 million of bonus accruals that had been previously recorded during 2003 following the decision that only the contractual minimum required bonuses would be paid due to lower than expected 2003 operating results. We recorded an additional $2.3 million of income tax expense related to prior periods. We completed an analysis of the recoverability of our deferred tax assets in Brazil and based upon our evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next three years, we determined to establish a valuation allowance of $1.9 million. Also, we deferred $3.3 million in revenue and $2.1 million in income from operations as a result of the adoption of EITF 00-21 (see "Critical Account Policies").

Overall

Because of the following factors, we expect approximately break-even results for the first quarter of 2004:

- minimum commitments from Verizon Communications ("Verizon") are declining as described under "Client Concentrations";
- we continue to invest in our sales development efforts;
- our plans to improve individual program profitability have not been fully implemented; and
- further reductions in force will require severance payments.

Critical Accounting Policies

We have identified the policies below as critical to our business and results of operations. For further discussion on the application of these and other accounting policies, see Note 1 to the Consolidated Financial Statements. Our 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. Descriptions of these critical accounting policies follow:

Revenue Recognition. We recognize revenue at the time services are performed. Our Customer Management Services business recognizes revenue under production rate and performance-based models, which are:

Production Rate—Revenue is recognized based on the billable hours or minutes of each CSR as defined in the client contract. The rate per billable hour or minute is based on a predetermined contractual rate, as agreed in the underlying contract. This contractual rate can fluctuate based on our performance against certain pre-determined criteria related to quality and performance. The impact on the rate is continually updated as revenue is recognized. Additionally, some clients are contractually entitled to penalties when we are out of compliance with certain obligations as defined in the client contract. Such penalties are recorded as a reduction to revenue as incurred based on a measurement of our obligation under the terms of the client contract.

Performance-based—Under performance-based arrangements, we are paid by our customers based on achievement of certain levels of sales or other client-determined criteria specified in the client contract. We recognize performance-based revenue by measuring our actual results against the performance criteria specified in the contracts. Amounts collected from customers prior to the performance of services are recorded as deferred revenue.

We have certain contracts that are billed in advance. Accordingly, amounts billed but not earned under these contracts are excluded from revenue and included in customer advances and deferred income.

In July 2003, we 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. We have determined that EITF 00-21 requires the deferral of revenue for the initial training that occurs upon commencement of a new client 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, are also deferred. In these circumstances, both the training revenue and costs will be amortized straight-line over the life of the client contract. In situations where Start-Up Training is not billed separately, but rather included in the production rates paid by the client over the life of the contract, no deferral is necessary as the revenue is 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 our operating results for the year ended December 31, 2003. However, the adoption of EITF 00-21 decreased our 2003 fourth quarter sales and income from operations by $3.3 million and $2.1 million, respectively.

Income Taxes. We account for income taxes under the provisions of Statement of Financial Accounting Standards ("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, we assess the likelihood that our 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, we updated our analysis of the recoverability of our deferred tax asset due to a change in facts and circumstances. While the Company had reported net losses

during 2002 and 2001, we believed the net losses 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, we expected 2003 and future operations to return to profitability. During the second quarter of 2003, we 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 represented a different set of facts and circumstances from the end of 2002 and, accordingly, we determined that it was appropriate under those circumstances to record a valuation allowance for a portion of our 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. We 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 our evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next two to three years, management determined to increase the valuation allowance by $29.9 million.

In the fourth quarter of 2003, we completed an analysis of the recoverability of our deferred tax assets in Brazil. Based upon our evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next three years, we determined to establish a valuation allowance of $1.9 million.

We have approximately $9.0 million of net deferred tax assets related to certain international countries whose recoverability is dependent upon future profitability. We reviewed the net deferred tax assets in Mexico of $2.7 million, the majority of which are related to net operating loss carryforwards, to determine whether a valuation allowance was appropriate. Over the last six months, management in Mexico has materially reduced the operating costs in Mexico through reductions in force and other cost cutting measures, added new management, eliminated unprofitable client programs and added what we believe to be more profitable client programs. Based upon our cash flow projections, we determined it was not appropriate to record a deferred tax valuation allowance for Mexico as of December 31, 2003.

Goodwill. Goodwill is tested for impairment at least annually on reporting units one level below the segment 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. Our policy is to test goodwill for impairment in the fourth quarter of each year unless an indicator of impairment arises prior to the fourth quarter.

The most significant assumptions used in this analysis are those made in estimating future cash flows. In estimating future cash flows, we generally use the financial assumptions in our internal forecasting model such as projected capacity utilization, projected changes in the prices we charge for our services and projected labor costs. We then use a discount rate we consider appropriate for the country where the business unit is providing services. If future actual results prove the assumptions used in performing the impairment test were wrong, the fair value of the reporting units may be significantly lower, causing the carrying value to exceed the fair value and indicating an impairment had occurred. Based on the testing performed in the fourth quarter of 2003, there was no impairment to the December 31, 2003 goodwill balance of $30.2 million. If projected revenue used in the analysis of goodwill was 10% less than forecast (the projections assumed revenue growth rates ranging from 10% to 26% per annum over a three-year period), there would still be no impairment to goodwill. Upon

adoption of SFAS No. 142 in January 2002, we recorded a transitional impairment charge of approximately $11.5 million to write off the goodwill of our Latin America reporting unit.

Restructuring Liability. We periodically assess the profitability and utilization of our CMCs along with our overall profitability. In some cases, we have chosen to close under-performing centers and make reductions in force to enhance future profitability. In 2001 and 2002, under the previous accounting guidance, we recorded the anticipated charges at the time a plan was approved by management or the Board of Directors and various other criteria were met. 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.

A significant assumption used in determining the amount of estimated liability for closing CMCs is the estimated liability for future lease payments on vacant centers, which we determine based on a third party broker's assessment of our ability to successfully negotiate early termination agreements with landlords and/or our ability to sublease the premises. If our assumptions regarding early termination and the timing and amounts of sublease payments prove to be inaccurate, we may be required to record additional losses, or conversely, a future gain, in our Consolidated Statements of Operations. For the year ended December 31, 2003, we reversed $1.9 million of previously recorded restructuring charges in our Consolidated Statements of Operations related to revising estimated restructuring liabilities. As of December 31, 2003, we have accrued $2.5 million of estimated restructuring liabilities on the accompanying Consolidated Balance Sheets. See Note 13 to the Consolidated Financial Statements for an analysis of activity in the restructuring liability reserve.

Impairment of Long-Lived Assets. During the year, we evaluate the carrying value of our individual CMCs 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 CMC will be closed or otherwise disposed of before the end of its previously estimated useful life, we select the center for further review.

For CMCs selected for further review, we estimate the probability-weighted future 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 of the center. Additionally, we do not test CMCs 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"). We believe a sufficient time to establish market presence and build a customer base is required for new centers in order to determine recoverability and meet the Two Year Rule. However, the centers are nonetheless evaluated in case other factors would indicate an impairment in value. For recently impaired centers, we write 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 CMCs may be significantly lower, thereby causing the carrying value to exceed fair value and indicating an impairment has occurred.

During 2003, we determined that two of our CMCs would not generate sufficient undiscounted cash flows to recover the net book value of our assets. During the second quarter of 2003, we determined to close the Kansas City center upon expiration of the work being performed for the United States Postal Service. Accordingly, the projections for that location indicated that an impairment exists. Additionally, we determined that an impairment existed for our Mexico City

location. As a result, our North American and International Customer Care 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 net realizable value.

A sensitivity analysis of the impairment demonstrated that if revenue was 10% less than projected in the probability-weighted projection scenarios (that had annual revenue growth rates ranging from 6% to 49% based on management expectations and available capacity) and the margin held constant, the impairment loss would have been approximately $9.3 million greater.

The following table summarizes the sensitivity analysis we performed during the fourth quarter of 2003 (dollars in thousands):

	Net Book Value	Number of CMCs	Impairment Under Sensitivity Test
Tested based on Two Year Rule			
Positive cash flow in period	$ 54,960	35	$ —
Negative cash flow in period	$ 8,717	3	$ 5,400
Not tested based on Two Year Rule			
Positive cash flow in period	$ 10,761	4	$ —
Negative cash flow in period	$ 15,965	22	$ 3,900
Total			
Positive cash flow in period	$ 65,721	39	$ —
Negative cash flow in period	$ 24,682	25	$ 9,300

Additionally, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," contains a broadened definition of discontinued operations. Under SFAS No. 144, under certain circumstances, closing a center could result in discontinued operations classification, which would result in restating prior period results.

Estimated Sales and Use Tax Liability. We have received inquiries from several states regarding the applicability of sales or use taxes on our services primarily provided by our Database Marketing and Consulting segment. We are working with the inquiring states to determine what liability exists, if any, in each respective state. In addition to the inquiring states, we have initiated a self-assessment to determine whether sales or use taxes are applicable in each state in which our Database Marketing and Consulting segment does business. Sales and use tax laws are complex and vary by state. We have determined that sales or use tax applies in certain states to our products and services of our Database Marketing and Consulting segment. While we cannot quantify the ultimate liability that will be owed, we recorded in 2003 approximately $3.6 million of use tax expense for what we believe to be the minimum liability that will be owed, net of receipts from customers. As we progress in our assessment and dealings with the various states, we will update this estimated liability and record charges to operations, if any, when such amounts become both probable and reasonably estimable. At this time, we do not expect the outcome to have a material adverse effect on our results of operations, financial condition or cash flows.

With regards to the North American Customer Care segment, we have not determined whether sales or use tax applies to our services. If we determine sales tax does apply, our contracts generally provide for such taxes to be passed on to the client. However, no assurance can be given that we would be successful in passing on past or future taxes to our clients, and accordingly, it could impact our future results of operations.

Allowance for Doubtful Accounts. We have established an allowance for doubtful accounts to reserve for uncollectible accounts receivable. Each quarter management reviews the receivables on an account-by-account basis and assigns a probability of collection. Management judgment is used in assessing the 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):

	Year Ended December 31,					
	2003	% of Revenue	2002	% of Revenue	$ Change	% Change
Revenues:						
North American Customer Care	$ 627,161	63.2%	$ 709,023	69.7%	$ (81,862)	-11.5%
International Customer Care	255,638	25.8%	212,425	20.9%	43,213	20.3%
Database Marketing and Consulting	109,541	11.0%	95,988	9.4%	13,553	14.1%
	$ 992,340	100.0%	$ 1,017,436	100.0%	$ (25,096)	-2.5%
Costs of Services:						
North American Customer Care	$ 466,347	74.4%	$ 527,542	74.4%	$ (61,195)	-11.6%
International Customer Care	185,976	72.7%	141,189	66.5%	44,787	31.7%
Database Marketing and Consulting	50,287	45.9%	43,854	45.7%	6,433	14.7%
	$ 702,610	70.8%	$ 712,585	70.0%	$ (9,975)	-1.4%

Selling, General and Administrative:						
North American Customer Care	$ 91,197	14.5%	$ 93,660	13.2%	$ (2,463)	-2.6%
International Customer Care	80,161	31.4%	72,253	34.0%	7,908	10.9%
Database Marketing and Consulting	38,887	35.5%	33,046	34.4%	5,841	17.7%
	$ 210,245	21.2%	$ 198,959	19.6%	$ 11,286	5.7%
Depreciation and Amortization:						
North American Customer Care	$ 32,882	5.2%	$ 33,791	4.8%	$ (909)	-2.7%
International Customer Care	15,691	6.1%	15,984	7.5%	(293)	-1.8%
Database Marketing and Consulting	10,023	9.1%	7,950	8.3%	2,073	26.1%
	$ 58,596	5.9%	$ 57,725	5.7%	$ 871	1.5%
Restructuring Charges, net:						
North American Customer Care	$ 1,347	0.2%	$ 6,820	1.0%	$ (5,473)	-80.2%
International Customer Care	2,228	0.9%	2,636	1.2%	(408)	-15.5%
Database Marketing and Consulting	101	0.1%	—	0.0%	101	100.0%
	$ 3,676	0.4%	$ 9,456	0.9%	$ (5,780)	-61.1%
Impairment Loss:						
North American Customer Care	$ 3,955	0.6%	$ 16,676	2.4%	$ (12,721)	-76.3%
International Customer Care	3,000	1.2%	16,140	7.6%	(13,140)	-81.4%
Database marketing and consulting	—	0.0%	—	0.0%	—	0.0%
	$ 6,955	0.7%	$ 32,816	3.2%	$ (25,861)	-78.8%
Income (Loss) from Operations:						
North American Customer Care	$ 31,433	5.0%	$ 30,534	4.3%	$ 899	2.9%
International Customer Care	(31,418)	-12.3%	(35,777)	-16.8%	4,359	12.2%
Database Marketing and Consulting	10,243	9.4%	11,138	11.6%	(895)	-8.0%
	$ 10,258	1.0%	$ 5,895	0.6%	$ 4,363	74.0%
Other Income (Expense):						
North American Customer Care	$ (12,138)	-1.9%	$ (9,286)	-1.3%	$ (2,852)	30.7%
International Customer Care	(1,134)	-0.4%	(713)	-0.3%	(421)	59.1%
Database Marketing and Consulting	242	0.2%	(264)	-0.3%	506	191.7%
	$ (13,030)	-1.3%	$ (10,263)	-1.0%	$ (2,767)	27.0%
Income Tax Expense (Benefit):						
North American Customer Care	$ 17,325	2.8%	$ 8,269	1.2%	$ 9,056	109.5%
International Customer Care	15,891	6.2%	(10,605)	-5.0%	26,496	248.0%
Database Marketing and Consulting	4,002	3.7%	3,942	4.1%	60	1.5%
	$ 37,218	3.8%	$ 1,606	0.2%	$ 35,612	2,217.4%

	Year Ended December 31,					
	2002	**% of Revenue**	**2001**	**% of Revenue**	**$ Change**	**% Change**
Revenues:						
North American Customer Care	$ 709,023	69.7%	$ 610,207	66.6%	$ 98,816	16.2%
International Customer Care	212,425	20.9%	234,781	25.6%	(22,356)	-9.5%
Database Marketing and Consulting	95,988	9.4%	71,156	7.8%	24,832	34.9%
	$ 1,017,436	100.0%	$ 916,144	100.0%	$ 101,292	11.1%
Costs of Services:						
North American Customer Care	$ 527,542	74.4%	$ 408,071	66.9%	$ 119,471	29.3%
International Customer Care	141,189	66.5%	145,905	62.1%	(4,716)	-3.2%
Database Marketing and Consulting	43,854	45.7%	33,447	47.0%	10,407	31.1%
	$ 712,585	70.0%	$ 587,423	64.1%	$ 125,162	21.3%
Selling, General and Administrative:						
North American Customer Care	$ 93,660	13.2%	$ 104,624	17.1%	$ (10,964)	-10.5%
International Customer Care	72,253	34.0%	74,240	31.6%	(1,987)	-2.7%
Database Marketing and Consulting	33,046	34.4%	25,141	35.3%	7,905	31.4%
	$ 198,959	19.6%	$ 204,005	22.3%	$ (5,046)	-2.5%
Depreciation and Amortization:						
North American Customer Care	$ 33,791	4.8%	$ 36,699	6.0%	$ (2,908)	-7.9%
International Customer Care	15,984	7.5%	15,793	6.7%	191	1.2%
Database Marketing and Consulting	7,950	8.3%	7,816	11.0%	134	1.7%
	$ 57,725	5.7%	$ 60,308	6.6%	$ (2,583)	-4.3%
Restructuring Charges, net:						
North American Customer Care	$ 6,820	1.0%	$ 19,765	3.2%	$ (12,945)	-65.5%
International Customer Care	2,636	1.2%	2,215	0.9%	421	19.0%
Database Marketing and Consulting	—	0.0%	4,268	6.0%	(4,268)	-100.0%

	$ 9,456	0.9%	$ 26,248	2.9%	$ (16,792)	-64.0%
Impairment Loss:						
North American Customer Care	$ 16,676	2.4%	$ 7,000	1.1%	$ 9,676	138.2%
International Customer Care	16,140	7.6%	—	0.0%	16,140	100.0%
Database Marketing and Consulting	—	0.0%	—	0.0%	—	0.0%
	$ 32,816	3.2%	$ 7,000	0.8%	$ 25,816	368.8%
Income (Loss) from Operations:						
North American Customer Care	$ 30,534	4.3%	$ 34,048	5.6%	$ (3,514)	-10.3%
International Customer Care	(35,777)	-16.8%	(3,372)	-1.4%	(32,405)	-961.0%
Database Marketing and Consulting	11,138	11.6%	484	0.7%	10,654	2,201.2%
	$ 5,895	0.6%	$ 31,160	3.4%	$ (25,265)	-81.1%
Other Income (Expense):						
North American Customer Care	$ (9,286)	-1.3%	$ (20,114)	-3.3%	$ 10,828	-53.8%
International Customer Care	(713)	-0.3%	(9,786)	-4.2%	9,073	-92.7%
Database Marketing and Consulting	(264)	-0.3%	(1,501)	-2.1%	1,237	-82.4%
	$ (10,263)	-1.0%	$ (31,401)	-3.4%	$ 21,138	-67.3%
Income Tax Expense (Benefit):						
North American Customer Care	$ 8,269	1.2%	$ 7,396	1.2%	$ 873	11.8%
International Customer Care	(10,605)	-5.0%	(7,739)	-3.3%	(2,866)	37.0%
Database Marketing and Consulting	3,942	4.1%	517	0.7%	3,425	662.5%
	$ 1,606	0.2%	$ 174	0.0%	$ 1,432	823.0%

Financial Comparison

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

	Year ended December 31,	
	2003	**2002**
Current year reported net loss	$ (41,206)	$ (16,755)
Prior year reported net loss	(16,755)	(1,925)
Difference	$ (24,451)	$ (14,830)
Explanation:		
Net reduction to income from operations related to segment results	(31,494)	(11,271)
Sales and use tax accrual	(3,618)	—
Reduction (increase) in restructuring and impairment losses and related items	33,412	(11,357)
Write-off of accounts receivable in the United Kingdom	2,700	(2,700)
Reversal of bonus accruals	3,747	—
Other than temporary decline in equity investment	—	16,500
Increase in net interest expense	(4,176)	(1,119)
Foreign currency transaction loss	(2,990)	638
Change in charge related to Percepta warrants	—	3,118
All other, net	2,039	4,334
Adoption of accounting rule change for goodwill in 2002	11,541	(11,541)
Tax Items		
Deferred tax valuation allowance and other income tax matters	(33,294)	(2,800)
Tax impact on above and other	(2,318)	1,368
	$ (24,451)	$ (14,830)

The table below presents workstation data for multi-client centers as of December 31, 2003. Dedicated and Managed Centers have been excluded as any unused seats in these facilities are not available for sale. Our utilization percentage is defined as the total number of utilized production workstations compared to the total number of available production workstations.

2003			2002		
Total Production Workstations	**In Use**	**% in Use**	**Total Production Workstations**	**In Use**	**% in Use**

12,575	8,789	70%	11,953	7,095	59%

Due to the inbound nature of our business, we experience significantly higher capacity utilization during peak (weekday) periods than during off-peak (night and weekend) periods. We may be required to open or expand CMCs to create the additional peak period capacity necessary to accommodate new or expanded customer management programs. The opening or expansion of a CMC may result, at least in the short term, in idle capacity during peak periods until any new or expanded program is implemented fully.

2002 versus 2003

Revenues. The decrease in North American Customer Care revenue between periods was driven primarily by the ramp down of the United States Postal Service ("USPS") contract during 2003, as well as the ramp down or no longer having approximately eleven multi-client center programs, primarily in the communications sector. Several of the multi-center programs were temporary in nature and ended during the first quarter of 2002. The decrease in North American Customer Care revenue was also caused by a lack of new business. We typically churn approximately 10% to 15% of our revenue each year. Historically, we have 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, we have experienced longer sales cycles, which we attribute to the downturn in the global economy. Recently, we have noted an increase in new contract activity. While our strategy is to differentiate ourselves by focusing on complex engagements and offering value added solutions, there is no assurance that we will be successful in winning new business or mitigate future price decreases with this strategy.

The increase in International Customer Care revenue 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 changes in foreign currency exchange rates. Approximately half of the increase in Europe was driven by favorable changes in foreign currency exchange rates. The remainder of the increase is in 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. Latin American revenue decreased primarily as a result of changes in foreign currency exchange rates and a decrease in revenue in Mexico. Mexico's revenue decreased primarily due to no longer having several profitable client programs offset by an increase in revenue due to an accounting treatment change related to the adoption of EITF 99-19, "Reporting Revenue Gross as Principal versus Net as an Agent" and EITF 01-14, "Income Characterization of Reimbursement Received for Out of Pocket Expenses Incurred." Toward the end of 2003, we launched several new client programs, which are expected to increase revenue in 2004. We are evaluating unprofitable client programs, and if we exit these programs, our revenue could decrease.

Database Marketing and Consulting revenue increased primarily due to an increase in the customer base as well as increased sales to existing customers.

Costs of Services. Costs of services as a percentage of revenue in North American Customer Care is comparable between periods. The loss of USPS caused an increase in the cost of services as a percentage of revenue, but this was offset by improvement in margins of other programs. We are taking additional steps to reduce our costs of services as a percentage of revenue for all programs in our North American Customer Care segment including enhancing our timekeeping and workforce management systems and other actions to improve program profitability. There is no assurance that we will be successful in these efforts.

The increase in costs of services as a percentage of revenue in International Customer Care between periods is consistent in all regions. The degradation in Latin America is primarily due to Mexico. The Mexico degradation was primarily caused by no longer having several profitable programs, a more competitive local market and an increase of costs related to adopting EITF 99-19 and EITF 01-14 as discussed above. The degradation in Asia Pacific is primarily the result of pricing and performance issues with a certain client program in Australia. In the fourth quarter of 2003, we renegotiated the terms of this contract and, as a result, we expect the profitability to improve. Europe costs as a percentage of revenue increased between periods primarily as the result of an increase in the United Kingdom ("UK") offset in part by improvements in Spain. The increase in costs of services as a percentage of revenue in the UK is the result of a movement from higher margin inbound work to lower margin outbound work. Spain improved primarily as the result of terminating several unprofitable contracts during the second quarter of 2002. Because of the continued high costs of services in certain

locations, we took actions to reduce the costs of services in the UK, Spain, Mexico and Asia Pacific through reductions in force. The reductions in force were mostly completed by the end of February 2004. Approximately $1.0 million of the restructuring expense was recorded in the fourth quarter of 2003, but an additional $0.7 million will be recorded in the first quarter of 2004.

Costs of services as a percentage of revenue for Database Marketing and Consulting is comparable between periods. However, in order to reduce the impact on margins discussed above, we have recently taken action to reduce the costs of services through a reduction in force, which will result in restructuring expense of approximately $0.5 million in the first quarter of 2004.

Selling, General and Administrative. The increase in selling, general and administrative expenses as a percentage of revenue in North American Customer Care 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. Increases in salaries and related benefits due to headcount additions were offset by a decrease in bonus expense. In the prior year, bonuses were accrued and in the first quarter of 2003, we reversed $0.8 million to reduce the total balance to the actual amount paid. (North American Customer Care represents the majority.) We will not pay bonuses to middle and executive management for 2003 results, except where required under our guidelines or employment agreements and therefore, we reversed $2.9 million of bonus expense in the fourth quarter of 2003. (Approximately $0.5 million is in Database Marketing and Consulting.) In the fourth quarter of 2003, we also wrote off a note receivable of $0.9 million.

Selling, general and administrative expenses as a percentage of revenue for International Customer Care decreased as a percentage of revenue due to the increase in revenue between periods as a significant amount of selling, general and administrative expenses are fixed in nature. In absolute dollars, the increase between periods was due to increases in Asia Pacific and Latin America offset by decreases in the UK. 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, telecommunications and occupancy costs. In June 2003, we reduced administrative headcount in Mexico by 130, which decreased the payroll and

related expenses from the first half of the year to the second half of the year. The decreases in the UK were caused by reductions in bad debt expense as 2002 costs included an allowance for a client receivable that was written off in 2003. As previously discussed, all of these regions recently have taken action 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, commissions due to increased sales and the accrual for sales and use tax of $3.6 million (as discussed in Note 14 to the Consolidated Financial Statements).

Depreciation and Amortization. In absolute dollars depreciation expense in North American Customer Care decreased between periods as a result of adopting EITF No. 01-09. The adoption of this pronouncement resulted in the amortization of contract acquisition costs being deducted from revenue (they were previously recorded as amortization expense through the first quarter of 2002) as well as the result of the impairments recorded during the fourth quarter of 2002, which partially offset an increase from the purchase of the corporate headquarters building in February 2003.

The decrease in International Customer Care depreciation expense as a percentage of revenue is the result of higher revenue as well as the impairments recorded during the fourth quarter of 2002 and the second quarter of 2003. In absolute dollars, depreciation expense was comparable between years.

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 year ended December 31, 2003, the North American Customer Care segment recorded restructuring charges of approximately $1.6 million related to the closure of its Kansas City, Kansas facility being used to serve the USPS. These charges consisted primarily of the remaining lease liability along with severance payments. In addition, the Company's North American Customer Care segment recorded a charge of $0.4 million for severance and termination benefits for 591 employees at a managed center that was shut down in March 2003. The Company's North American Customer Care, International Customer Care and Database Marketing and Consulting segments also recorded approximately $1.3 million, $2.2 million, and $0.1 million, respectively, during the year ended December 31, 2003 for other severance and termination benefits related to the termination of 102, 203 and 13 administrative employees, respectively. The Company reversed approximately $1.9 million of excess accruals related to 2002 restructurings. The reversal of excess accruals has been offset against the restructuring expense in the accompanying Consolidated Statements of Operations.

Impairment Loss. During 2003, the North American Customer Care 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, Kansas CMC to their estimated fair market value. See discussion above under "Critical Accounting Policies."

During 2003, the International Customer Care segment recorded an impairment loss of approximately $3.0 million to reduce the net book value of the long-lived assets of our Mexico City CMC to their estimated fair market value. See discussion above under "Critical Accounting Policies."

If we do not achieve the results projected in our probability-weighted cash flows for certain customer centers, particularly a center in the UK, then we would record an impairment loss in 2004. See additional discussion in 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 a decrease in the equity losses from our investment in enhansiv holdings, inc. ("EHI") during 2002. Interest expense increased as a result of a higher debt balances in 2003 compared to 2002 due to borrowings related to the purchase of the corporate headquarters building in February 2003. In addition, the interest rates were increased in August 2003 as a result of amending our debt agreements due to violations of debt covenants. 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 clients, and primarily during the first six months of 2003. During 2003, we recorded approximately $2.4 million of foreign currency transaction losses versus the $0.6 million gain in 2002. Foreign currency transaction losses and gains are related to intercompany receivable/payable balances, and while we hedge the foreign currency risks associated with our labor costs in Canada, we do not hedge risks associated with the timing of settling intercompany accounts. We began settling these accounts more timely in the third quarter of 2003, which mitigated our future exposure to fluctuations in foreign currency exchange rates. See discussion in Item 7A.

Income Taxes. Income tax expense increased $35.6 million from 2002 to 2003 primarily because of the following:

- establishment of valuation allowances of $29.9 million (prior year $2.8 million), mostly in the U.S. and Brazil as previously discussed in Critical Accounting Policies;
- the write down of certain deferred tax assets of approximately $6.9 million discussed in Note 5 to the Consolidated Financial Statements;

- state income taxes of approximately $2.0 million to be paid even though the U.S. expects to report a taxable loss; partially offset by
- increases to certain foreign deferred tax assets and liabilities of $2.2 million.

If we do not achieve the results in our cash flow analysis used to evaluate the deferred tax assets in Mexico, a valuation allowance of up to $2.7 million may need to be established. See additional discussion in Critical Accounting Policies.

Because we have recorded material deferred tax valuation allowances, until the allowance has been utilized, income tax expense will principally represent current taxes payable and, accordingly, our effective tax rate will be less than the statutory rate. At this time, we estimate our 2004 effective tax rate to be in the range of 25% to 30%. We are reviewing various tax planning strategies, some of which might result in our receiving tax refunds. It is premature to know how much, if any, or when the refunds may take place.

Cumulative Effect of Change in Accounting Principle. Upon adoption of SFAS No. 142 in the first quarter of 2002, we recorded an impairment of approximately $11.5 million related to the goodwill of our 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.

2001 versus 2002

Revenues. The increase in North American Customer Care revenue between periods was driven primarily by a new client program offset by the ramp down or no longer having approximately ten multi-client center programs, primarily in the communications sector.

The decrease in International Customer Care revenue between periods is the net result of higher revenue in Asia Pacific offset by lower revenue in Latin America and Europe. The increase in Asia Pacific is primarily due to growth in existing client programs in Australia and New Zealand. The decrease in Europe was driven by Spain terminating several unprofitable contracts. Latin American revenue decreased primarily as a result of currency devaluation in Argentina. Since then, we have converted the majority of the contracts in Argentina to the U.S. based contracts priced in U.S. dollars.

Database Marketing and Consulting revenue increased primarily due to an increase in the customer base as well as increased sales to existing customers.

Costs of Services. Costs of services as a percentage of revenue in North American Customer Care increased over the prior year. The costs of services as a percentage of revenue have been adversely impacted by several factors. The first is the launch of a significant new North American Customer Care program. The terms of the contract contemplated work being transitioned from existing high cost locations to lower labor cost markets over time. Accordingly, the hourly rate paid to us by the client declined during the first two years of the contract period (eventually leveling off for the remainder of the contract) based on a transition plan. Due to higher call volumes than originally anticipated, we did not transition work to lower cost markets as quickly as the original plan contemplated. We completed the transition plan late in 2003. In addition, costs of services as a percentage of revenue was adversely impacted by deterioration of margins at Percepta, primarily due to price concessions sought by Ford. Ford advised us that such concessions were in line with the price concessions Ford received from all of its vendors. This led to efforts to reduce costs and in 2003 Percepta returned to profitability.

The increase in costs of services as a percentage of revenue in International Customer Care between periods occurred in all regions. The degradation in Latin America is primarily due no longer having several profitable programs in Mexico. The degradation in Asia Pacific is primarily due a price reduction that took effect in 2002 and other pricing pressures. Europe costs of services as a percentage

of revenue deteriorated between periods primarily as the result of deterioration in Spain due to pricing pressures. In the second quarter of 2002, Spain did exit certain unprofitable contracts during the year, and Spain's margins did improve subsequent to these actions.

Costs of services as a percentage of revenue for Database Marketing and Consulting are comparable.

Selling, General and Administrative. The decrease in selling, general and administrative expenses as a percentage of revenue in North American Customer Care is primarily due to the increase 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 decreased from 2001 to 2002. As a result of cost containment initiatives, the expenses in consulting, travel and entertainment and long distance telephone costs decreased from 2001 to 2002. In addition, a favorable outcome of collection of an accounts receivable resulted in a reduction of bad debt expense from the prior year.

Selling, general and administrative expenses as a percentage of revenue for International Customer Care increased between periods. In absolute dollars, the decrease between periods was due to decreases in the corporate allocation due to lower corporate consulting and relocation expenses offset by increases in Asia Pacific and Latin America. The increase in Asia Pacific was caused partially by changes in exchange rates and headcount additions related to expansion to other countries. The increase in Latin America was primarily as a result of an increase in Mexico only partially offset by decreases in Argentina and Brazil. The increase in Mexico was primarily due to increases in maintenance and employee related costs due to increases in headcount. The decreases in Argentina and Brazil were primarily driven by currency devaluation.

The decrease in selling, general and administrative expenses as a percentage of revenue in Database Marketing and Consulting is primarily due to the increase 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 increased from 2001 to 2002 because salaries increased to support the business growth as well as higher commissions related to launch of a significant customer in August 2001.

Depreciation and Amortization. In absolute dollars, depreciation expense decreased between periods resulting from the adoption of SFAS No. 142 which resulted in no goodwill amortization during 2002, and the adoption of EITF No. 001-09 which resulted in the amortization of contract acquisition costs being deducted from revenue (they were previously recorded as amortization expense through the first quarter of 2002). During 2001 and 2002, these two items accounted for $5.6 million and $1.0 million, respectively. The remaining absolute dollar decrease in North America is a result of depreciation expense reductions due to site closures and fully depreciated assets partially offset by purchases of property and equipment.

Restructuring Charges. During 2002, the North American Customer Care segment recorded restructuring charges associated with the termination of administrative employees, the closure of a CMC in Canada and the impairment of a property lease totaling approximately $4.5 million, $0.4 million and $1.9 million, respectively. Additionally, the Company's international Customer Care segment recorded a loss on the closure of two CMCs in Spain of approximately $0.9 million and restructuring charges associated with the termination of administrative employees of $1.7 million.

During 2001, we recorded a $7.7 million loss in our North American Customer Care segment on the closure of a CMC located in Thornton, Colorado. In addition, we implemented certain cost cutting measures. In connection with these actions, we recorded severance and other termination benefits related to a reduction in force of approximately 500 employees and recognized restructuring charges of $12.1 million, $2.2 million and $4.3 million in North American Customer Care, International Customer Care and Database Marketing and Consulting segments, respectively.

Impairment Loss. During 2002, we recorded a $32.8 million impairment loss in the fourth quarter to adjust the fixed asset balances of certain CMCs in the North American Customer Care and International Customer Care segments to their fair market values, in accordance with SFAS No. 144. During 2001, we recorded a loss on real estate held for sale of $7.0 million in North American Customer Care as more fully described in Note 11 to the Consolidated Financial Statements.

Other Income (Expense). Typically, the majority of other income (expense) is recorded as a corporate expense, which is allocated to the segments. Therefore, the following explanations are for the total of all segments. Included in 2002 other expense is approximately $2.3 million related to purchasing the common stock of EHI from the four remaining outside shareholders along with approximately $3.6 million of equity losses related to EHI for the period prior to when we began consolidating the results of EHI (prior to June 2002).

As further described in Note 10 to the Consolidated Financial Statements, Ford has the right to earn additional warrants based upon Percepta's achievement of certain revenue thresholds. We recorded other expense of $1.5 million in 2001 related to earning these warrants and then determined in 2002 that the warrants had not been earned and recorded other income of $1.5 million.

Included in 2001 is a non-recurring $16.5 million loss for the other than temporary decline in value of our equity investment in EHI, as well as $7.7 million for our share of losses from EHI.

Additionally, net interest expense increased approximately $1.1 million in 2002 from 2001. This increase is primarily due to our Senior Notes (which were outstanding for the entire year of 2002) bearing interest at a higher rate than our existing line of credit agreement, which was the most significant debt balance in 2001.

Income Taxes. Taxes increased from 2001 primarily due to establishing a valuation allowance against certain deferred tax asset balances in its International Customer Care segment during 2002. This resulted in recording tax expense despite reporting a book loss. During 2001, we also recorded tax expense while reporting a book loss due to the non-deductibility of equity losses from the investment in EHI for part of the year combined with the relatively small pre-tax loss amount. Excluding the increase of valuation allowances in 2002 and the non-deductible EHI losses in 2001 described above, our effective tax rate for 2002 was 39.2% compared with 40.0% for 2001.

Liquidity and Capital Resources

Cash Requirements

Our primary future cash requirements are detailed in the following table of contractual obligations at December 31, 2003, (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)	$ 13,915	$ 28,374	$ 28,384	$ 6,510	$ 77,183
Capital lease obligations(1)	909	195	—	—	1,104
Line of credit(1)	—	39,000	—	—	39,000
Grant advances(3)	11,919	—	—	—	11,919
Purchase obligations(2)	27,772	24,066	13,891	26,132	91,861
Operating lease commitments(2)	32,072	42,081	28,744	64,917	167,814
Total	$ 86,587	$ 133,716	$ 71,019	$ 97,559	$ 388,881

(1) Reflected on accompanying Consolidated Balance Sheets.

(2) Not reflected on accompanying Consolidated Balance Sheets.

(3) We are currently attempting to renegotiate the terms of the grant as discussed in Note 1 to the Consolidated Financial Statements. We believe a portion of this will then become due in more than one year.

Long-term debt and Senior Notes relate primarily to our Senior Notes agreement, which is described in more detail below. Capital lease obligations relate primarily to equipment leases that are generally less than three years in term. The line of credit relates primarily to the Revolver, which is described in more detail below, as well as a line of credit we have in Spain. Grant advances are described in more detail in Note 1 to the Consolidated Financial Statements, and are primarily related to grants from local or state governments as incentive to locate CMCs within their jurisdiction. Purchase obligations are contractual commitments we have to purchase a variety of goods and services. Operating lease commitments relate primarily to facility leases for our CMCs, the lease terms for which generally range from 3 to 20 years.

In the first quarter of 2004, we will be required to repay approximately $7.2 million of the grant advances and back rent as part of renegotiations as discussed in Note 1 to the Consolidated Financial Statements.

In addition, our liquidity requirements include cash-related expenses associated with costs of services and selling, general and administrative expenses, as well as interest expense and income tax expense. In 2003, payroll-related expenses, telecommunications costs and facility lease expenses comprised approximately 90% of costs of services and selling, general and administrative expenses combined, with payroll-related expenses comprising the largest component of the total (approximately 77%). Given the nature of our client agreements, the majority of payroll-related expenses are semi-variable in nature and fluctuate with increases or decreases in call volumes related to client projects.

As it relates to the individual segment liquidity requirements, historically, the North American Customer Care and Database Marketing and Consulting segments have generated sufficient cash from operating activities to fund operations. The European and Latin American operations within the International Customer Care segment have historically required funding from other regions of the company, including North America and Asia Pacific.

Purchase Commitments. Effective December 15, 2003, we entered into a forty-two month telecommunication services agreement (the "Services Agreement") with a major telecommunications company (the "Telecomm Company") with a minimum purchase commitment of $17.0 million. The Services Agreement specifies that, if by January 1, 2005, the Telecomm Company has not awarded us 1,000 full-time equivalent seats and a twenty-four month commitment, we may terminate the Services Agreement without liability. In the event that the Services Agreement is terminated by us without cause or by the Telecomm Company for cause, we will be required to pay an amount equal to the difference between the Minimum Commitment and the actual services purchased during the life of the Services Agreement. Although no assurances can be given, we believe that our telecommunication service requirements will be sufficient to meet the Minimum Commitment amount.

Effective December 2003, we entered into a thirty month initial period contract with another telecommunications company with a minimum purchase commitment of $6.0 million. If we terminate the contract during the initial period, a penalty of up to 50% of the minimum purchase commitment will be assessed. If, during the initial period, the telecommunications company terminates or significantly reduces volumes under a Master Service Agreement signed with us on June 29, 2001, a penalty of 5% of the remaining minimum purchase commitment can be assessed.

Capital expenditure commitments and other cash requirements. Our cash requirements also include capital expenditures primarily related to ongoing maintenance, upgrades or replacement of existing assets, and the development and retrofit of new CMCs. We used $93.2 million in investing activities in 2003, primarily related to the $38.2 million acquisition of our corporate headquarters, the development of new CMCs and, to a lesser extent, capitalized software costs related to our Database Marketing and Consulting segment.

In 2002, we used $33.6 million in investing activities, primarily related to the development of new CMCs and capitalized software activities incurred in the Database Marketing and Consulting segment. In addition, in 2002 we received proceeds from the sale of available-for-sale securities and the liquidation of short-term investments.

We used $75.0 million in investing activities during 2001, primarily for capital expenditures related to the development of new CMCs, including expenditures related to our planned headquarters building, as well as funding for enhansiv.

We currently expect total capital expenditures in 2004 to range between $40 million and $50 million, the majority of which is attributable to maintenance capital for existing CMCs, the opening or expansion of CMCs and internal technology projects. Such expenditures are financed with internally generated cash flows, existing cash balances and, to the extent necessary, cash flows from financing activities. The anticipated level of 2004 capital expenditures is primarily dependent upon new client contracts and the corresponding requirement for additional CMC capacity and technological infrastructure. Furthermore, if growth is generated through facilities management contracts, where we provide customer management services from a client-owned facility, the anticipated level of capital expenditures may decline.

In April 2003, we 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, we will participate with Bharti in a joint venture known as TeleTech Services India Private Limited ("TeleTech India"). Each party initially had a 50% ownership interest in TeleTech India with TeleTech having the ability to acquire up to 80% of the venture. In February 2004, we acquired an additional 10% interest in TeleTech India, bringing our total ownership interest in TeleTech India to 60%.

As described more fully in Note 10 to the Consolidated Financial Statements during the first quarter of 2000, we formed Percepta with Ford Motor Company ("Ford"). Percepta was formed to provide global customer management solutions to Ford and other automotive companies. Under the joint venture operating agreement, we have the right to require Ford to purchase our interest in Percepta at fair market value at any time after December 31, 2004. Ford also has the right to require us to sell our interest in Percepta at fair market value at any time after December 31, 2004. The net book value of Percepta as of December 31, 2003 is approximately $12.0 million. For the year ended December 31, 2003, Percepta reported revenue and income from operations of $92.0 million and $6.1 million, respectively.

Known trends and uncertainties. From time to time we launch large client contracts that may result in significant negative working capital because of the time period between incurring the costs for training and launching the program, and the beginning of the accounts receivable collection process. As a result, periodically we may generate negative cash flows from operating activities.

From time to time, we engage 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.

As discussed above, during the first quarter 2003 we used proceeds from our revolving credit agreement to acquire our corporate headquarters building, previously financed under a synthetic lease agreement. The sale or refinancing of the corporate headquarters building may result in the Company recognizing a loss on the sale of the property, as we believe the current fair market value may be less than the book value. Furthermore, the sale would result in the settlement of the related interest rate

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swap agreement, which would require an estimated current cash payment of approximately $4.0 million as of December 31, 2003.

Balance sheet, income or cash flow items to be considered in assessing liquidity. In assessing liquidity, the primary balance sheet, income or cash flow items to consider include negative changes in working capital related to significant increases in days sales outstanding and/or decreases in days payable. Other items to consider when assessing liquidity include net operating losses and large increases in capital expenditures, as each of the above items may result in an increase in cash requirements.

Sources of Cash

Operations. Our primary capital resources are net cash provided by operating activities and proceeds from financing activities. Cash provided by operating activities was $58.3 million in 2003 compared to $113.7 million in 2002. Cash provided by operating activities in 2003 consists of a net loss of $41.2 million before adjustments for depreciation and amortization, deferred taxes on income, changes in working capital and the impairment of certain fixed assets. The effect of the change in working capital accounts and other assets and liabilities on the accompanying Consolidated Statements of Cash Flows between years of approximately $10.7 million is primarily the result of an increase in days sales outstanding from 49 days as of December 31, 2002 to 51 days as of December 31, 2003 offset by the increase in accounts payable and accrued expenses. The decrease in cash provided by operating activities is directly caused by the decrease in income from operations.

Cash provided by operating activities in 2002 was $113.7, consisting of a net loss of $16.8 million before adjustments for the cumulative effect of change in accounting principle, impairment loss, depreciation and amortization, bad debt, working capital, and other charges primarily related to restructurings. The effect of the change in working capital accounts on the accompanying Consolidated Statements of Cash Flows between 2001 and 2002 of approximately $22.1 million is primarily the result of improved accounts receivable collections. At December 31, 2002, accounts receivable decreased as a result of more aggressive collection procedures, with days sales outstanding decreasing from 65 days at December 31, 2001 to 49 days at year-end 2002.

Cash provided by operating activities was $103.6 million in 2001 compared to $36.3 million in 2000, and consists of a net loss of $1.9 million before adjustments for depreciation and amortization, bad debt, working capital, and other charges primarily related to restructurings and its equity investment in EHI. The change in cash flows from working capital between years of approximately $14.1 million is primarily the result of a decrease in accounts receivable, partially offset by a decrease in accounts payable and accrued expenses. Accounts receivable decreased as a result of more aggressive collection procedures, with our days sales outstanding decreasing from 73 days at December 31, 2000 to 65 days as December 31, 2001.

The amount and certainty of future cash flows depends primarily on our ability to operate profitably.

As explained in detail under Client Concentrations, income from operations is expected to decline in 2004 related to a decrease in revenue from a major North American Customer Care client. This will negatively impact our 2004 cash from operations by an estimated $23.0 million.

Financing. We currently have two existing debt instruments that provide, or have provided, cash from financing activities. These instruments include the Revolver and Senior Notes**.** Cash provided by financing activities in 2003 was $37.5 million and primarily related to drawing $39.0 million on the Revolver in the first quarter of 2003 to acquire of our corporate headquarters building as discussed above.

Cash used in financing activities in 2002 was $28.8 million, and primarily resulted from the stock repurchase program authorized by the Board of Directors for the purchase of up to $25 million of our common stock, which we completed during 2002.

Cash provided by financing activities in 2001 was $7.6 million, resulting primarily from $75.0 in proceeds received from the Senior Notes and proceeds from the exercise of stock options and employee stock purchases, offset by repaying the revolving line of credit then in place in the amount of $62.0 million and payments on long-term notes and capital lease obligations.

Our Revolver is with a syndicate of five banks. Under the terms of the Revolver, we may borrow up to $85.0 million with the ability to increase the borrowing limit by an additional $50.0 million, subject to lender approval, within three years from the October 2002 closing date of the Revolver. 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 our leverage ratios as defined in the agreement. At December 31, 2003, the interest rate was 3.15% per annum with $39.0 million drawn under the Revolver. The Revolver is guaranteed by all of our domestic subsidiaries and is secured by a majority of our domestic assets. A significant restrictive covenant under the Revolver requires us to maintain a minimum fixed charge coverage ratio as defined in the agreement. The Revolver also limits the amount of share repurchases and prohibits payment of cash dividends.

We also have $75.0 million of Senior Notes, of which $60.0 million have an interest rate of 8.75% per annum and $15.0 million have an interest rate of 9.15% per annum. Interest on the Senior Notes is payable semi-annually and $12.0 million of principal payments commence in October 2004 with final maturity in October 2011. A significant restrictive covenant under the Senior Notes requires us 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, we would have to remit a "make-whole" payment as defined in the agreement to the holders of the Senior Notes. As of December 31, 2003, the make-whole payment is approximately $9.2 million.

The Revolver and the Senior Notes are both securitized with a majority of our domestic assets. In addition, the Revolver and Senior Notes each contain provisions whereby a default under either agreement results in a cross-default in the other agreement. Further, the Revolver and Senior Notes are subject to an "inter-creditor" agreement, which includes the allocation methodology by which the proceeds would be distributed to the Revolver lenders and Senior Notes lenders in the event of default, and subsequent liquidation.

At December 31, 2003, outstanding letters of credit totaled approximately $11.1 million, which primarily guarantees workers compensation and other insurance related obligations, and facility leases.

During 2003, Percepta paid $5.4 million in dividends to the minority interest partner in Percepta and $6.6 million to us. Assuming Percepta continues to operate profitably, we believe Percepta will continue to pay dividends in 2004 at approximately the same level as in 2003. As a result, the joint venture expects to pay up to $4.4 million to the minority interest partner during 2004 and $5.4 million to us.

Debt Instruments and Related Covenants

As a result of lower than anticipated financial performance in the first quarter 2004, we are currently forecasting we will be in violation of certain financial covenants in the Revolver and Senior Note agreements as of March 31, 2004. We are pursuing several alternatives to address the potential violation should we indeed not operate within the covenants, including obtaining waivers or amendments to the debt agreements, paying off all or a portion of the outstanding debt agreements and obtaining new financing.

Obtaining waivers or amendments to the existing debt agreements may result in amendment fees and higher annual interest expense, as well as additional or stricter financial covenants. There is no assurance we will successfully obtain waivers or amendments, or maintain compliance with financial covenants in the future.

In addition, paying off all or a portion of the outstanding debt may have a negative impact to current and future earnings resulting from owing a make-whole provision associated with the company's Senior Notes agreement, costs related to terminating the interest rate swap associated with the Revolver, both of which are described in more detail herein, and the write-off of $1.4 million of capitalized fees.

As of December 31, 2003, we have a derivative liability associated with this interest rate swap agreement of approximately $4.0 million, which is reflected in other liabilities in the accompanying Consolidated Balance Sheets. In the event we wanted to terminate the swap, the above mentioned liability would have to be settled with cash and a charge to operations recorded. Likewise, if we repay the associated Revolver balance or obtain new financing, the hedge may no longer be effective and a corresponding charge to operations would be recorded either immediately or over the remaining life of the Revolver.

In pursuing new debt alternatives, we may utilize various financing sources including fixed and floating rate debt, convertible debt, and/or an asset-backed loan. The amount financed will vary, based on whether we decide to pay a portion of the outstanding debt with existing cash. The specific terms of the new financing, including the applicable interest rate, length of agreement and other financing features, will be dependent upon the total amount financed and the creditors' assessment of our ability to repay. There is no assurance that we can obtain new financing, or that new financing would not result in higher annual interest expense.

CLIENT CONCENTRATIONS

Our five largest clients accounted for 51.0%, 52.2% and 45.0% of our revenue for the years ended December 31, 2003, 2002 and 2001, respectively. In addition, these five clients accounted for an even greater proportional share of our 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 we have with our largest clients. The contracts with these clients expire between 2004 and 2010. Additionally, a particular client can have multiple contracts with different expiration dates. Although we have historically renewed most of our contracts with our 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.

Under the terms of the original contract with Verizon Communications ("Verizon") relating to its Competitive Local Exchange Carrier ("CLEC") business, there were certain minimum monthly volume commitments at pre-determined hourly billing rates ("Minimum Commitments"). As previously reported, 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. In certain instances, the Base Rates exceed current market rates for similar services and upon contract expiration, if the contracts are renewed, we expect the rates we receive for our services in the future to be less than 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. The majority of the Minimum Commitments had been satisfied by

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December 31, 2003 with the remainder expected to expire in the first quarter of 2004. The amount of Minimum Commitments satisfied by Verizon in excess of the Base Rates, together with amortized settlement payments, was $31.5 million, $32.7 million and $27.8 million for the years ended December 31, 2003, 2002 and 2001, respectively. It is expected that this amount will decline to approximately $8.5 million in 2004 and $0 thereafter. These amounts will impact pre-tax earnings by a like amount. The anticipated decline will have an adverse affect on our operating results in 2004 unless we are successful in reducing costs and/or increasing revenue.

A large client in Spain 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. We expect to retain the majority of the revenue from this client. The loss of a portion of this contract is expected to improve the Company's consolidated operations, financial position or cash flows due to improved operating margins.

NEW ACCOUNTING PRONOUNCEMENTS

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. Certain elements, which would impact the Company, did not have a material impact.

Item 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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. We are 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 our normal operating and funding activities. As of December 31, 2003, we had 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 to mitigate a portion of our foreign currency risk. We have also entered into an interest rate swap agreement to manage our cash flow risk on the portion of the Revolver used to purchase the corporate headquarters building as interest is variable based upon LIBOR.

Interest Rate Risk

The interest on the Revolver is variable based upon LIBOR and, therefore, affected by changes in market interest rates. At December 31, 2003, there was $39.0 million outstanding on the Revolver. 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

We have wholly owned subsidiaries in Argentina, Australia, Brazil, Canada, China, India, Korea, Malaysia, Mexico, New Zealand, Northern Ireland, the Philippines, Scotland, Singapore, and Spain. Revenue 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 our revenue and net income attributed to these subsidiaries. For the years ended December 31, 2003, 2002 and 2001, revenue from non-U.S. countries represented 43.9%, 34.7% and 41.6% of consolidated revenue, respectively.

We have contracted with several commercial banks at no material cost, to acquire a total of $135.1 million Canadian dollars through October 2005 at a fixed price in U.S. dollars of $94.9 million. We have derivative assets of $9.0 million associated with foreign exchange contracts. If the U.S./Canadian dollar exchange rate were to increase 10% from period-end levels, we would not incur a material loss on the contracts.

A significant business strategy for our North American Customer Care segment is to provide service to U.S. based customers from Canadian CMCs in order to leverage the U.S./Canadian dollar exchange rates. During the year ended December 31, 2003, the Canadian dollar strengthened against the U.S. dollar by 18.2%. As a result, our revenue remains constant in U.S. dollars, whereas our costs (which are denominated in Canadian dollars) are increasing. While our hedging strategy can protect us from changes in the U.S./Canadian dollar exchange rates in the short-term for the majority of our risk, an overall strengthening of the Canadian dollar may adversely impact margins in the North American Customer Care segment over the long-term.

Other than the transactions hedged as discussed above, the majority of the transactions of our U.S. and foreign operations are denominated in the respective local currency while some transactions are denominated in other currencies. For example, the intercompany transactions that we expect to be settled are denominated in the local currency of the billing company. Since the accounting records of our foreign operations are kept in the respective local currency, any transactions denominated in other currencies are accounted for in the respective local currency at the time of the transaction. Upon settlement of such a transaction, any foreign currency gain or loss results in an adjustment to income. We do not currently engage in hedging activities related to these types of foreign currency risks because we believe this to be insignificant. When the deterioration of the U.S. dollar resulted in losses in the second quarter of 2003, we implemented procedures to shorten the time it takes to settle these transactions, therefore effectively minimizing the foreign currency losses. If realized losses on foreign transactions were to become significant, we would evaluate appropriate strategies, including the possible use of foreign exchange contracts, to reduce such losses.

Fair Value of Debt and Equity Securities

The Company did not have any material investments in debt or equity securities at December 31, 2003.

Item 8. *Financial Statements and Supplementary Data.*

The financial statements required by this item are located beginning on page 46 of this report and incorporated herein by reference.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

On May 10, 2002, Arthur Andersen LLP ("Andersen") was dismissed as the Company's independent accountant effective upon completion of its review of the Company's financial statements for the quarter ended March 31, 2002, and Ernst & Young LLP ("E&Y") was appointed as the new independent accountant for the Company to replace Andersen for the year ending December 31, 2002. The decision to dismiss Andersen and to appoint E&Y was recommended by the Audit Committee of the Board of Directors and was approved by the Board of Directors on May 10, 2002. Information with respect to this matter is included in the Company's current report on Form 8-K filed May 16, 2002, which information is incorporated herein by reference.

We have had no disagreements with our independent auditors regarding accounting or financial disclosure matters.

Item 9A. *Disclosure Controls and Procedures.*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms, and that information is accumulated and communicated to our management, including our principal executive and principal financial officers (whom we refer to in this periodic report as our Certifying Officers), as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Certifying Officers, the effectiveness of our disclosure controls and procedures as of December 31, 2003, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of December 31, 2003, our disclosure controls and procedures were effective.

We have completed a comprehensive review of our tax returns and tax-related balance sheet accounts. The review resulted in amendments to previously filed tax returns, principally to correct tax basis depreciation expense, record a liability for the estimated sales and use taxes for the Company's Database Management and Consulting segment, and adjustments to reconcile certain tax-related balance sheet accounts. In addition, we completed a comprehensive analysis of the Company's procedures for reconciling all other significant balance sheet accounts and identified adjustments to grants, bank accounts, health insurance accruals and payroll tax accounts that related to prior periods over the last several years. Management believes that approximately $11.7 million of these adjustments relate to prior periods. However, management has determined that the charge recorded during 2003 related to such adjustments is immaterial both individually and in

the aggregate on both a quantitative and qualitative basis to the trends in the financial statements for the periods presented, the prior periods affected and to a fair presentation of the company's financial condition and results of operations.

We believe we have strengthened our internal controls to ensure the integrity of our financial statements and appropriate detective controls are in place to prevent material misstatements of financial results and financial position. Additionally, we have instituted rigorous procedures for period-end analysis of balance sheet and income statement accounts, period-end reconciliations of subsidiary ledgers, and the recording of reconciling items in a timely manner. We also enhanced our accounting documentation policies.

There were no other changes in our internal control over financial reporting that occurred during our fiscal quarter ended December 31, 2003 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 10. *Directors and Executive Officers of the Registrant.*

For a discussion of our executive officers, you should refer to Part I, page 13, after Item 4 under the caption "Executive Officers of TeleTech Holdings, Inc."

For a discussion of our Directors, you should refer to our definitive Proxy Statement for our 2004 Annual Meeting of Stockholders under the caption "Election of Directors" and "Director Compensation," which we incorporate by reference into this Form 10-K.

Item 11. *Executive Compensation.*

We hereby incorporate by reference the information to appear under the caption "Executive Officers—Executive Compensation" in our definitive Proxy Statement for our 2004 Annual Meeting of Stockholders, provided, however, that neither the Report of the Compensation Committee on Executive Compensation nor the performance graph set forth therein shall be incorporated by reference herein.

Item 12. *Security Ownership of Certain Beneficial Owners and Management.*

We hereby incorporate by reference the information to appear under the caption "Security Ownership of Certain Beneficial Owners and Management" in our definitive Proxy Statement for our 2004 Annual Meeting of Stockholders.

Item 13. *Certain Relationships and Related Party Transactions.*

We hereby incorporate by reference the information to appear under the caption "Certain Relationships and Related Party Transactions" in our definitive Proxy Statement for our 2004 Annual Meeting of Stockholders.

Item 14. *Principal Accountants Fees and Services.*

We hereby incorporate by reference the information to appear under the caption "Independent Audit Fees" in our definitive Proxy Statement for our 2004 Annual Meeting of Stockholders.

PART IV

Item 15. *Exhibits, Financial Statement Schedules and Reports on Form 8-K.*

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements

The Index to Financial Statements is set forth on page 49 of this report.

(2) Financial Statement Schedules

All schedules for TeleTech have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information is included in the respective financial statements or notes thereto.

(3) Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of TeleTech (incorporated by reference to Exhibit 3.1 to TeleTech's Amendment No. 2 to Form S-1 Registration Statement (Registration No. 333-04097) filed on July 5, 1996)
3.2	Amended and Restated Bylaws of TeleTech (incorporated by reference to Exhibit 3.2 to TeleTech's

Amendment No. 2 to Form S-1 Registration Statement (Registration No. 333-04097) filed on July 5, 1996)

10.1+	TeleTech Holdings, Inc. Stock Plan, as amended and restated (incorporated by reference to Exhibit 10.7 to TeleTech's Amendment No. 2 to Form S-1 Registration Statement (Registration No. 333-04097) filed on July 5, 1996)
10.2+	TeleTech Holdings, Inc. Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 99.1 to TeleTech's Form S-8 Registration Statement (Registration No. 333-69668) filed on September 19, 2001)
10.3+	TeleTech Holdings, Inc. Amended and Restated 1999 Stock Option and Incentive Plan (incorporated by reference to Exhibit 99.1 to TeleTech's Form S-8 Registration Statement (Registration No. 333-96617) filed on July 17, 2002)
10.4+	Newgen Results Corporation 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Newgen Results Corporation's Form S-1 Registration Statement (Registration No. 333-62703) filed on September 2, 1998)
10.5+	Newgen Results Corporation 1998 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to Newgen Results Corporation's Form S-1 Registration Statement (Registration No. 333-62703) filed on September 2, 1998)
10.6	Form of Client Services Agreement, 1996 version (incorporated by reference to Exhibit 10.12 to TeleTech's Amendment No. 1 to Form S-1 Registration Statement (Registration No. 333-04097) filed on June 5, 1996)
10.7	Agreement for Customer Interaction Center Management Between United Parcel General Services Co. and TeleTech (incorporated by reference to Exhibit 10.13 to TeleTech's Amendment No. 4 to Form S-1 Registration Statement (Registration No. 333-04097) filed on July 30, 1996)

10.8	Client Services Agreement dated May 1, 1997, between TeleTech Customer Care Management (Telecommunications), Inc. and GTE Card Services Incorporated d/b/a GTE Solutions (incorporated by reference to Exhibit 10.12 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 1997)
10.9	Operating Agreement for Ford Tel II, LLC effective February 24, 2000 by and among Ford Motor Company and TeleTech Holdings, Inc. (incorporated by reference to Exhibit 10.25 to TeleTech's Quarterly Report on Form 10-Q filed for the fiscal quarter ended March 31, 2000)
10.10	Credit Agreement dated as of October 29, 2002 among TeleTech, Bank of America, N.A. and the other Lenders party thereto (incorporated by reference to Exhibit 10.10 to TeleTech's Annual Report on 10-K filed for the fiscal year ended December 31, 2002)
10.11	Amended and Restated Lease and Deed of Trust Agreement dated June 22, 2000 (incorporated by reference to Exhibit 10.31 to TeleTech's Quarterly Report on Form 10-Q filed for the fiscal quarter ended June 30, 2000)
10.12	Amended and Restated Participation Agreement dated June 22, 2000 (incorporated by reference to Exhibit 10.32 to TeleTech's Quarterly Report on Form 10-Q filed for the fiscal quarter ended June 30, 2000)
10.13	Private Placement of Senior Notes pursuant to Note Purchase Agreement dated October 30, 2001 (incorporated by reference to Exhibit 10.73 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)
10.14+	Employment Agreement dated May 15, 2001 between James Kaufman and TeleTech (incorporated by reference to Exhibit 10.64 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)
10.15+	Stock Option Agreement dated August 16, 2000 between James Kaufman and TeleTech (incorporated by reference to Exhibit 10.53 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2000)
10.16+	Non-Qualified Stock Option Agreement dated October 27, 1999 between Michael E. Foss and TeleTech (incorporated by reference to Exhibit 10.26 to TeleTech's Quarterly Report on Form 10-Q filed for the fiscal quarter ended March 31, 2000)
10.17+	Promissory Note dated November 28, 2000 by Sean Erickson for the benefit of TeleTech (incorporated by reference to Exhibit 10.62 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2000)
10.18+	Promissory Note dated March 28, 2001 by Sean Erickson for the benefit of TeleTech (incorporated by reference to Exhibit 10.31 to TeleTech's Annual Report on 10-K filed for the fiscal year ended December 31, 2002)

10.19+ Employment Agreement dated October 15, 2001 between James Barlett and TeleTech (incorporated by reference to Exhibit 10.66 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)

10.20+ Stock Option Agreement dated October 15, 2001 between James Barlett and TeleTech (incorporated by reference to Exhibit 10.70 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)

10.21+ Restricted Stock Agreement dated October 15, 2001 between James Barlett and TeleTech (incorporated by reference to Exhibit 10.71 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)

10.22+ Restricted Stock Agreement dated October 15, 2001 between James Barlett and TeleTech (incorporated by reference to Exhibit 10.72 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)

10.23+ Employment Agreement dated October 15, 2001 between Ken Tuchman and TeleTech (incorporated by reference to Exhibit 10.68 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)

10.24+ Stock Option Agreement dated October 1, 2001 between Ken Tuchman and TeleTech (incorporated by reference to Exhibit 10.69 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2001)

10.25+ Letter Agreement dated January 11, 2001 between Chris Batson and TeleTech (incorporated by reference to Exhibit 10.54 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2000)

10.26+ Stock Option Agreement dated January 29, 2001 between Chris Batson and TeleTech (incorporated by reference to Exhibit 10.55 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2000)

10.27+ Letter Agreement dated January 26, 2001 between Jeffrey Sperber and TeleTech (incorporated by reference to Exhibit 10.56 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2000)

10.28+ Stock Option Agreement dated March 5, 2001 between Jeffrey Sperber and TeleTech (incorporated by reference to Exhibit 10.57 to TeleTech's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2000)

10.29* 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

10.30* 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

10.31* 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

10.32* 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

10.33* 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

10.34* 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

10.35* 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

10.36* 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

10.37* 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
10.38*	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
16.1	Representation letter from Arthur Andersen LLP (incorporated by reference to Exhibit 16.1 to TeleTech's Current Report on Form 8-K filed on May 16, 2002)
21.1*	List of subsidiaries
23.1*	Consent of Ernst & Young LLP
23.2*	Information Regarding Consent of Arthur Andersen LLP
31.1*	Rule 13a-14(a) Certification of CEO of TeleTech
31.2*	Rule 13a-14(a) Certification of CFO of TeleTech
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)

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* Filed herewith.

+ Management contract or compensatory plan or arrangement filed pursuant to Item 15(c) of this report.

(b) Reports on Form 8-K

- None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Denver, State of Colorado, on March 8, 2004.

TELETECH HOLDINGS, INC.

By: /s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 8, 2004, by the following persons on behalf of the registrant and in the capacities indicated:

Signature	Title
/s/ KENNETH D. TUCHMAN Kenneth D. Tuchman	PRINCIPAL EXECUTIVE OFFICER Chief Executive Officer and Chairman of the Board
/s/ DENNIS J. LACEY Dennis J. Lacey	PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER Chief Financial Officer
/s/ JAMES E. BARLETT James E. Barlett	DIRECTOR
/s/ MARK THOMPSON Mark Thompson	DIRECTOR
/s/ GEORGE HEILMEIER George Heilmeier	DIRECTOR

/s/ WILLIAM A. LINNENBRINGER	DIRECTOR
William A. Linnenbringer	
/s/ RUTH C. LIPPER	
Ruth C. Lipper	DIRECTOR
/s/ MORTON H. MEYERSON	
Morton H. Meyerson	DIRECTOR
/s/ SHIRLEY YOUNG	
Shirley Young	DIRECTOR

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REPORT OF INDEPENDENT AUDITOR

To the Stockholders and the
Board of Directors of TeleTech Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of TeleTech Holdings, Inc. and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of two years in the period ended December 31, 2003. These consolidated financial statements are the responsibility of TeleTech Holdings, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of TeleTech Holdings, Inc. for the year ended December 31, 2001 were audited by other auditors who have ceased operations and whose report dated February 8, 2002 expressed an unqualified opinion on those statements before the revision to include the transitional disclosures included in Note 1.

We conducted our audits in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2003 and 2002 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TeleTech Holdings, Inc. and subsidiaries as of December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" and Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

As discussed above, the consolidated financial statements of TeleTech Holdings, Inc. as of December 31, 2001, and for the year then ended were audited by other auditors who have ceased operations. As described in Note 1, these consolidated financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 1 with respect to 2001 included (a) agreeing the previously reported net income (loss) to the previously issued consolidated financial statements and the adjustments to reported net income (loss) representing amortization expense (including any related tax effects) recognized in those periods related to goodwill, to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliation of adjusted net income (loss) to reported net income (loss). In our opinion, the disclosures for 2001 in Note 1 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 consolidated financial statements of TeleTech Holdings, Inc. other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on TeleTech Holdings, Inc.'s 2001 consolidated financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 12, 2004

Report of Independent Public Accountants

To TeleTech Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of TELETECH HOLDINGS, INC. (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TeleTech Holdings, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Denver, Colorado,
February 8, 2002

This is a copy of the audit report previously issued by Arthur Andersen LLP in connection with TeleTech Holdings, Inc.'s filing on Form 10-K for the year ended December 31, 2001. This audit report has not been reissued by Arthur Andersen LLP in connection with this filing on Form 10-K. See Exhibit 23.2 for further discussion. The consolidated balance sheets as of December 31, 2001 and 2000 referred to in this report has not been included in the accompanying financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands except share amounts)

	December 31,	
	2003	2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 141,687	$ 144,792
Accounts receivable, net	145,132	137,598
Prepaids and other assets	26,840	18,890
Income taxes receivable	5,243	14,318
Deferred tax asset	647	11,633
Total current assets	319,549	327,231
PROPERTY AND EQUIPMENT, net	148,690	123,093
OTHER ASSETS:		
Long-term accounts receivable	—	858
Goodwill, net of accumulated amortization of $5,388 and $5,147, respectively	30,200	29,987
Contract acquisition costs, net of accumulated amortization of $14,831 and $10,637, respectively	16,574	20,768
Deferred tax asset	8,835	17,067
Other assets	27,426	21,584
Total assets	$ 551,274	$ 540,588
LIABILITIES AND STOCKHOLDERS' EQUITY		

	2003	2002
CURRENT LIABILITIES:		
Accounts payable	$ 22,822	$ 19,995
Accrued employee compensation and benefits	47,668	54,076
Other accrued expenses	27,492	22,111
Customer advances and deferred income	12,314	25,207
Grant advances	11,919	10,272
Current portion of long-term debt and capital lease obligations	14,824	4,673
Total current liabilities	137,039	136,334
LONG-TERM LIABILITIES, net of current portion:		
Capital lease obligations	195	524
Senior notes	63,000	75,000
Line of credit	39,000	—
Other long-term debt	268	1,060
Other liabilities	13,601	7,934
Total liabilities	253,103	220,852
MINORITY INTEREST	9,354	13,577
STOCKHOLDERS' EQUITY:		
Stock purchase warrants	5,100	5,100
Common stock; $.01 par value; 150,000,000 shares authorized; 73,912,971 and 76,751,607 shares, respectively, issued and outstanding	750	740
Additional paid-in capital	196,591	193,954
Deferred compensation	(564)	(1,184)
Notes receivable from stockholders	(111)	(224)
Accumulated other comprehensive loss	(6,371)	(26,855)
Retained earnings	93,422	134,628
Total stockholders' equity	288,817	306,159
Total liabilities and stockholders' equity	$ 551,274	$ 540,588

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands except per share data)

	Year Ended December 31,		
	2003	2002	2001
REVENUES	$ 992,340	$ 1,017,436	$ 916,144
OPERATING EXPENSES:			
Costs of services	702,610	712,585	587,423
Selling, general and administrative expenses	210,245	198,959	204,005
Depreciation and amortization	58,596	57,725	60,308
Impairment losses	6,955	32,816	—
Restructuring charges, net	3,676	9,456	26,248
Loss on real estate held for sale	—	—	7,000
Total operating expenses	982,082	1,011,541	884,984
INCOME FROM OPERATIONS	10,258	5,895	31,160
OTHER INCOME (EXPENSE):			
Interest, net	(9,102)	(5,118)	(3,999)
Other than temporary decline in value of equity investment	—	—	(16,500)
Gain on sale of securities	—	547	161
Share of losses on equity investment	(438)	(3,562)	(7,702)

Other	(3,490)	(2,130)	(3,361)
	(13,030)	(10,263)	(31,401)
LOSS BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(2,772)	(4,368)	(241)
Provision for income taxes	37,218	1,606	174
LOSS BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(39,990)	(5,974)	(415)
Minority interest	(1,216)	760	(1,510)
LOSS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(41,206)	(5,214)	(1,925)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	—	(11,541)	—
NET LOSS	$ (41,206)	$ (16,755)	$ (1,925)
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic and Diluted	74,206	76,383	75,804
LOSS PER SHARE BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE			
Basic and Diluted	$ (0.56)	$ (0.07)	$ (0.03)
NET LOSS PER SHARE			
Basic and Diluted	$ (0.56)	$ (0.22)	$ (0.03)

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in thousands)

	Common Stock									
	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Deferred Compensation	Notes Receivable from Stockholder	Stock Purchase Warrants	Retained Earnings	Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCES, December 31, 2000	74,684	$ 747	$ 200,268	$ 4,828	$ (603)	$ (283)	$ 5,100	$ 153,308		$ 363,365
Comprehensive income:										
Net loss	—	—	—	—	—	—	—	(1,925)	$ (1,925)	(1,925)
Other comprehensive loss										
Unrealized losses on securities, net of tax	—	—	—	(8,577)	—	—	—	—	(8,577)	(8,577)
Translation adjustments	—	—	—	(14,649)	—	—	—	—	(14,649)	(14,649)
Derivative valuation, net of tax	—	—	—	(815)	—	—	—	—	(815)	(815)
Other comprehensive loss	—	—	—	—	—	—	—	—	(24,041)	
Comprehensive loss	—	—	—	—	—	—	—	—	$ (25,966)	
Employee stock purchase plan	263	3	1,754	—	—	—	—	—		1,757
Exercise of stock options	1,840	18	7,723	—	—	—	—	—		7,741
Grant of restricted stock	—	—	1,961	—	(1,927)	—	—	—		34
Purchases of common stock	(35)	—	(213)	—	—	—	—	—		(213)
Amortization of deferred compensation	—	—	—	—	452	—	—	—		452
Other	—	—	604	—	—	176	—	—		780
BALANCES, December 31, 2001	76,752	$ 768	$ 212,097	$ (19,213)	$ (2,078)	$ (107)	$ 5,100	$ 151,383		$ 347,950
Comprehensive income (loss):										
Net loss	—	—	—	—	—	—	—	(16,755)	$ (16,755)	(16,755)
Other comprehensive loss										
Unrealized losses on securities, net of tax	—	—	—	(941)	—	—	—	—	(941)	(941)
Translation adjustments	—	—	—	(4,668)	—	—	—	—	(4,668)	(4,668)
Derivative valuation, net of tax	—	—	—	(2,033)	—	—	—	—	(2,033)	(2,033)
Other comprehensive loss	—	—	—	—	—	—	—	—	(7,642)	
Comprehensive loss	—	—	—	—	—	—	—	—	$ (24,397)	
Employee stock purchase plan	293	3	1,851	—	—	—	—	—		1,854
Exercise of stock options	609	6	4,636	—	—	—	—	—		4,642
Purchases of common stock	(3,530)	(37)	(24,747)	—	—	—	—	—		(24,784)
Amortization of deferred compensation	—	—	—	—	894	—	—	—		894
Other	—	—	117	—	—	(117)	—	—		—

BALANCES, December 31, 2002	74,124	$ 740	$ 193,954	$ (26,855)	$ (1,184)	$ (224)	$ 5,100	$ 134,628		$ 306,159
Comprehensive income (loss):										
Net loss	—	—	—	—	—	—	—	(41,206)	$ (41,206)	(41,206)
Other comprehensive loss										
Translation adjustments	—	—	—	14,973	—	—	—	—	14,973	14,973
Derivative valuation, net of tax	—	—	—	5,511	—	—	—	—	5,511	5,511
Other comprehensive loss	—	—	—	—	—	—	—	—	20,484	
Comprehensive loss	—	—	—	—	—	—	—	—	$ (20,722)	
Employee stock purchase plan	271	3	914	—	—	—	—	—		917
Exercise of stock options	618	6	2,888	—	—	—	—	—		2,894
Purchases of common stock	(255)	(2)	(1,165)	—	—	—	—	—		(1,167)
Amortization of deferred compensation	—	—	—	—	620	—	—	—		620
Restricted stock grant	250	3	—	—	—	—	—	—		3
Other	—	—	—	—	—	113	—	—		113
BALANCES, December 31, 2003	75,008	$ 750	$ 196,591	$ (6,371)	$ (564)	$ (111)	$ 5,100	$ 93,422		$ 288,817

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year Ended December 31,		
	2003	**2002**	**2001**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (41,206)	$ (16,755)	$ (1,925)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Cumulative effect of change in accounting principle	—	11,541	—
Depreciation and amortization	58,596	57,725	60,308
Amortization of acquired contract costs	4,194	3,084	—
Bad debt expense	4,382	9,258	6,026
Gain on sale of securities	—	(547)	(161)
Deferred income taxes	19,729	(8,931)	(10,693)
Minority interest	1,216	(760)	1,510
Share of losses on equity investment	438	3,562	7,702
Impairment losses	6,955	32,816	—
Losses on real estate held for sale	—	—	7,000
Losses on disposal of assets	1,062	89	—
Other than temporary decline in value of equity investment	—	—	16,500
(Gain) loss on derivatives	(7,806)	94	909
Tax benefit from stock option exercises	30	406	2,326
Changes in assets and liabilities:			
Accounts receivable	(3,759)	28,030	16,102
Prepaids and other assets	4,930	(6,352)	(8,233)
Accounts payable and accrued expenses	20,756	(13,029)	(8,946)
Customer advances and deferred income	(11,246)	13,431	15,144
Net cash provided by operating activities	58,271	113,662	103,569
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(79,053)	(37,940)	(52,073)
Acquisition of a business, net of cash acquired	(1,868)	—	—
Proceeds from sale of available-for-sale securities	—	1,633	1,251
Payments to minority shareholder	(5,400)	—	—
Capitalized software costs	(5,378)	(2,451)	(1,986)
Investment in customer management software company	—	88	(11,908)
Investment in real estate held for sale, net of proceeds received	—	—	(13,782)
Investment in joint venture	(1,538)	—	—
Net decrease in short-term investments	23	6,437	2,444
Other	—	(1,370)	1,019

Net cash used in investing activities	(93,214)	(33,603)	(75,035)

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)

(Amounts in thousands)

	Year Ended December 31,		
	2003	2002	2001
CASH FLOWS FROM FINANCING ACTIVITIES:			
Purchases of common stock	$ (1,167)	$ (24,784)	$ (213)
Net increase (decrease) in line of credit	39,000	—	(62,000)
Proceeds from long-term debt borrowings	406	—	75,000
Payments on long-term debt borrowings	(1,790)	(5,141)	(9,947)
Payments on capital lease obligations	(2,779)	(4,920)	(2,452)
Proceeds from employee stock purchase plan	917	1,854	1,757
Proceeds from exercise of stock options	2,864	4,236	5,415
Net cash (used in) provided by financing activities	37,451	(28,755)	7,560
Effect of exchange rate changes on cash	(5,613)	(1,942)	539
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS:	(3,105)	49,362	36,633
CASH AND CASH EQUIVALENTS, beginning of year	144,792	95,430	58,797
CASH AND CASH EQUIVALENTS, end of year	$ 141,687	$ 144,792	$ 95,430
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 10, 580	$ 7,796	$ 5,444
Cash paid for income taxes	8,944	$ 31,075	$ 22,916
Assets acquired under capital leases and other financings	—	$ 349	$ 3,358

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2003, 2002 and 2001

NOTE 1: OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview of Company. TeleTech Holdings, Inc. ("TeleTech" or the "Company") serves its clients through two primary businesses: (i) Customer Management Services, which provides outsourced customer support and marketing services for a variety of industries via call centers in the United States, Argentina, Australia, Brazil, Canada, China, India, Korea, Malaysia, Mexico, New Zealand, Northern Ireland, the Philippines, Scotland, Singapore, and Spain ("Customer Care"); and (ii) Database Marketing and Consulting, which provides outsourced database management, direct marketing and related customer retention services for automotive dealerships and manufacturers in North America.

Basis of Presentation. The consolidated financial statements are composed of the accounts of TeleTech, its wholly owned subsidiaries, and its 55% owned subsidiary, Percepta, LLC ("Percepta"). Investments in operating companies in which the Company intends to maintain more than a temporary 20% to 50% interest, or otherwise has the ability to exercise significant influence are accounted for under the equity method. All intercompany balances and transactions have been eliminated in consolidation. In January 2003, the Company adopted the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46"). The Company did not have any material variable interest entities as of December 31, 2003. Certain amounts in 2002 and 2001 have been reclassified in the consolidated financial statements to conform with the 2003 presentation.

Foreign Currency Translation. 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 (loss), but is rather accumulated as a separate component of stockholders' equity. Foreign currency transaction gains and losses are included in determining net income (loss). Intercompany loans are generally treated as permanently invested as settlement is not planned or anticipated in the foreseeable future. In addition, intercompany balances outstanding as of December 31,

2002 not classified as intercompany loans are also treated as permanently invested. 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 (loss). As a result, the Company's earnings could become more volatile as the intercompany loan balance and other permanently invested balances were approximately $174.1 million at December 31, 2003. Such loans generally arose from funding operating losses and capital expenditures.

Cash and Cash Equivalents. The Company considers all cash and investments with an original maturity of 90 days or less to be cash equivalents.

Property and Equipment. Property and equipment are stated at cost less accumulated depreciation. Additions, improvements and major renewals are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. Amounts paid for software licenses and third-party packaged software are capitalized.

Depreciation is computed on the straight-line method based on the following estimated useful lives:

Computer equipment and software	3-5 years
Building	25 years
Telephone equipment	4-7 years
Furniture and fixtures	5-7 years
Leasehold improvements	5-10 years
Vehicles	5 years

Assets acquired under capital lease obligations are amortized over the life of the applicable lease terms of four to seven years (or the estimated useful lives of the assets, where title to the leased assets passes to the Company upon termination of the lease). Depreciation expense related to equipment under capital leases was $2.4 million, $3.8 million and $3.4 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Depreciation expense was $51.9 million, $50.6 million and $51.3 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Long-Term Accounts Receivable. Long-term accounts receivable are receivables the Company believes will take in excess of one year to receive payment due to either extended payment terms or litigation. Long-term accounts receivable are stated at their estimated net realizable value.

Goodwill. Goodwill represents the excess of acquisition costs over the fair value of net assets of businesses acquired, and prior to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," was amortized on a straight-line basis over periods ranging from nine to 25 years. The Company adopted SFAS No. 142 on January 1, 2002. Under SFAS No. 142, goodwill is no longer required to be amortized, however, must be tested annually for impairment.

Goodwill is tested for impairment at least annually on reporting units one level below the segment level for the Company. The impairment, if any, is measured based on the estimated fair value of the reporting unit. The Company determines fair value based on discounted cash flows although other methods are allowable under SFAS No. 142. 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 of each year unless circumstances indicate an impairment arises prior to the fourth quarter. The Company performed its impairment test on each of its reporting units in December 2003 and concluded that there was no indication of impairment.

In the year of its adoption, SFAS No. 142 required a transitional goodwill impairment evaluation, which was a two-step process. The first step was to determine whether there was an indication that goodwill was impaired on January 1, 2002. SFAS No. 142 required a separate impairment evaluation of each of the Company's reporting units. To perform the first step, the fair value of each reporting unit was estimated by a third-party appraiser by discounting the expected future cash flows and using market multiples of comparable companies. The fair value of each reporting unit was compared to its carrying value, including goodwill. This first step evaluation indicated an impairment of the goodwill

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recorded by its Latin American reporting unit, but no impairment of the goodwill recorded by its North American, Asia Pacific or Newgen reporting units.

Since the first step indicated an impairment of Latin American goodwill, SFAS No. 142 required a second step to determine the amount of the impairment. The amount of the impairment was determined by comparing the implied fair value of Latin American goodwill to its carrying value. The implied fair value of the goodwill was determined by allocating the fair value of Latin America to its assets and liabilities as if Latin America had been acquired and the fair value was the purchase price. The excess "purchase price" over the amounts assigned to the assets and liabilities was the implied value of goodwill. The carrying amount of Latin America goodwill exceeded the implied value by $11.5 million, which excess has been recorded as a cumulative effect of a change in accounting principle in the consolidated statements of operations for the year ended December 31, 2002. The impairment loss on the goodwill recorded by Latin America was due to the significant anticipated decline in its performance in 2002 and the impact of that decline on expected future cash flows.

The following table summarizes the Company's net loss and loss per share had the provisions of SFAS No. 142 been in effect on January 1, 2001 (in thousands, except per share amounts):

	December 31,		
	2003	**2002**	**2001**
Reported net loss	$ (41,206)	$ (16,755)	$ (1,925)
Goodwill amortization, net of tax of $0.9 million in 2001	—	—	1,862
Adjusted net loss	$ (41,206)	$ (16,755)	$ (63)

Diluted loss per share—as reported	$ (0.56)	$ (0.22)	$ (0.03)
Diluted loss per share—adjusted	$ (0.56)	$ (0.22)	$ —

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 revenue 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 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. Amortization of these costs for the years ended December 31, 2003, 2002 and 2001, was $4.2 million, $4.1 million and $2.7 million, respectively. During 2002, the Company adopted Emerging Issues Task Force ("EITF") No. 01-09, "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products," which requires certain expenses previously classified as depreciation and amortization expenses to be

reclassified as deductions from revenue. Prior year results have not been restated as the impact was immaterial. Expected future amortization of contract acquisition costs are as follows (in thousands):

2004	$ 4,194
2005	2,580
2006	2,337
2007	2,329
2008	2,329
Thereafter	2,805
	$ 16,574

Long-Lived Assets. During the year, the Company evaluates the carrying value of its individual customer management centers ("CMCs") 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 CMC 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 CMCs selected for further review, the Company estimates the future estimated probability-weighted cash flows from operating the centers over their useful lives. Significant judgment is involved in projecting future capacity utilization, pricing, labor costs and the estimated useful lives. Additionally, the Company does not test CMCs 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.

Software Development Costs. The Company accounts for software development costs in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use," which requires that certain costs related to the development or purchase of internal-use software be capitalized. At December 31, 2003 and 2002, the Company had approximately $16.8 million and $17.5 million, respectively, of capitalized software costs, which are included in other assets in the accompanying Consolidated Balance Sheets. These costs will be amortized over the expected useful life of the software. Approximately $6.1 million, $5.2 million and $0.6 million of amortization expense related to capitalized software costs is included in the accompanying Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001, respectively.

Customer Advances and Deferred Income. The Company records amounts billed or received but not earned as customer advances and deferred income. Included in customer advances and deferred income are customer prepayments, and amounts received to settle contractual minimum commitments in lieu of providing services. These settlement payments are amortized over the life of the original contract life that gave rise to the obligation. For the year ended December 31, 2003, the Company

amortized approximately $12.7 million into revenue in the accompanying Consolidated Statements of Operations related to settlement payments.

Grant Advances. From time to time the Company has received grants from local or state governments as an incentive to locate CMCs 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 as it achieves 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 expects 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 will be required to repay $7.2 million of the advanced funds and back rent in the first quarter of 2004. As of December 31, 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. In the fourth quarter of 2003, the Company recognized $0.2 million of grant income and recorded $1.0 million of back rent that will be paid under currently negotiated terms. 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 Consolidated Balance Sheets.

Restructuring Liability. Management periodically assesses the profitability and utilization of the Company's CMCs along with its overall profitability. In some cases, management has chosen to close under-performing centers and make reductions in force to enhance future profitability. In 2001 and 2002, 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.

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. Gross deferred tax assets then may be reduced by a valuation allowance for amounts that do not satisfy the realization criteria of SFAS No. 109.

The Company provides U.S. income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are considered permanently reinvested outside the U.S. To the extent that the foreign earnings previously treated as permanently reinvested are repatriated, the related U.S. tax liability may be reduced by any foreign income taxes paid on these earnings subject to certain limitations. At December 31, 2003, the cumulative amount of foreign earnings is approximately $29.2 million. If these earnings become taxable in the U.S., some portion of them may be subject to incremental U.S. income tax expense and foreign withholding tax expense.

Revenue Recognition. The Company recognizes revenue at the time services are performed. The Company's Customer Management Services business recognizes revenue under production rate and performance-based models, which are:

Production rate—Revenue is recognized based on the billable hours or minutes of each customer service representatives as defined in the client contract. The rate per billable hour or minute charged is based on a predetermined contractual rate, as agreed in the underlying contract. This contractual rate can fluctuate based on the Company's performance against certain pre-determined criteria related to quality and performance. The impact on the rate is continually updated as revenue is recognized. Additionally, some clients are contractually entitled to penalties when the Company is out of compliance with certain obligations as defined in the client contract. Such penalties are recorded as a reduction to revenue as incurred based on a measurement of the Company's obligation under the terms of the client contract.

Performance-based—Under performance-based arrangements, the Company is paid by its customers based on achievement of certain levels of sales or other client-determined criteria specified in the client contract. The Company recognizes performance-based revenue by measuring its actual results against the performance criteria specified in the contracts. Amounts collected from customers prior to the performance of services are recorded as deferred revenue.

The Company has certain contracts that are billed in advance. Accordingly, amounts billed but not earned under these contracts are excluded from revenue and included in customer advances and deferred income.

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 requires the deferral of revenue for the initial training that occurs upon commencement of a new client 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, are also deferred. In these circumstances, both the training revenue and costs will be amortized straight-line 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 are expensed as incurred. The adoption of EITF 00-21 did not have a material impact on the Company's operating results for the year ended December 31, 2003. However, the adoption of EITF 00-21 decreased the Company's 2003 fourth quarter sales and income from operations by $3.3 million and $2.1 million, respectively.

Comprehensive Income (Loss). Comprehensive income (loss) includes the following components:

	Year Ended December 31,		
	2003	2002	2001
		(in thousands)	
Net loss	$ (41,206)	$ (16,755)	$ (1,925)
Other comprehensive income (loss):			

Unrealized gains (losses) on securities, net of reclassification adjustments	—	(1,270)	(13,197)
Foreign currency translation adjustments	14,973	(4,668)	(14,649)
Derivative valuation, net of tax	5,511	(2,033)	(1,254)
Income tax benefit related to items of other comprehensive income	—	329	5,059
Other comprehensive income (loss), net of tax	20,484	(7,642)	(24,041)
Comprehensive loss	$ (20,722)	$ (24,397)	$ (25,966)

Disclosure of reclassification amounts:

	Year Ended December 31,		
	2003	2002	2001
		(in thousands)	
Unrealized holding losses arising during the period	$ —	$ (723)	$ (13,036)
Less: reclassification adjustment for gains included in net loss	—	(547)	(161)
Benefit for income taxes	—	329	4,620
Net unrealized losses on securities	$ —	$ (941)	$ (8,577)

At December 31, 2003, accumulated comprehensive income consists of $9.0 million and $(2.6) million of foreign currency translation adjustments and derivative valuation, respectively. At December 31, 2002, accumulated comprehensive income consists of $24.0 million and $2.9 million of foreign currency translation adjustments and derivative valuation, respectively. Other comprehensive income related to the derivative valuation is reported net of income tax expense of $3.5 million in 2003.

Loss Per Share. Basic earnings (loss) per share is computed by dividing the Company's net income (loss) by the weighted average number of common shares outstanding. The impact of potentially dilutive securities is excluded. Diluted earnings per share is computed by dividing the Company's net income (loss) by the weighted average number of shares and dilutive potential common shares outstanding during the period. At December 31, 2003, 2002 and 2001 options to purchase 7.1 million, 6.1 million and 4.7 million shares of common stock, respectively, were outstanding but were

not included in the computation of diluted earnings per share because the effect of their inclusion would be antidilutive.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Self-Insurance Program. The Company self-insures for certain levels of workers' compensation and employee health insurance. Estimated costs of these self-insurance programs were accrued at the projected settlements for known and anticipated claims. Self-insurance liabilities of the Company amounted to $10.3 million and $6.9 million at December 31, 2003 and 2002, respectively, and are included in accrued employee compensation and benefits on the accompanying Consolidated Balance Sheets.

Fair Value of Financial Instruments. Fair values of cash equivalents and other current accounts receivable and payable approximate the carrying amounts because of their short-term nature. Short-term investments include U.S. Government Treasury Bills, investments in commercial paper, short-term corporate bonds and other short-term corporate obligations. The carrying values of these investments approximate their fair values. Debt and long-term receivables carried on the Company's Consolidated Balance Sheets at December 31, 2003 and 2002 have a carrying value that approximates their estimated fair value. The fair value is based on discounting future cash flows using current interest rates adjusted for risk. The fair value of the short-term debt approximates its recorded value because of its short-term nature.

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 December 31, 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, including furniture and fixtures, 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 December 31, 2003, the Company has a derivative liability associated with this swap of approximately $4.0 million, which is reflected in other liabilities in the accompanying 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 either immediately or over the remaining life of the Revolver. 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 either immediately or over the remaining life of the Revolver.

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 $135.1 million Canadian dollars through November 2005 at a fixed price in U.S. dollars of $94.9 million to hedge its foreign currency risk. During the years ended December 31, 2003 and 2002, the Company recorded a $7.8 million gain and a $0.1 million loss, respectively, for settled forward contracts in its Consolidated Statements of Operations relating to Canadian dollar forward contracts. As of December 31, 2003, the Company has derivative assets of $9.0 million associated with foreign exchange contracts consisting of the fair market value of forward exchange contracts and options outstanding. Included in these derivative assets are premiums paid by the Company as part of obtaining the foreign exchange option contracts. The cost of these premiums is amortized in earnings ratably over the term of the underlying contract.

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 year ended December 31, 2003, the Company recorded transaction losses of $2.4 million in Other Income (Expense) related to the intercompany receivables/payable balances generated from labor arbitrage activities and U.S. dollar cash balances on Canada's books. 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.

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 including statement No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosures." 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. Statement 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.

Pro forma information regarding net income and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of SFAS 123. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions:

	2003	2002	2001
Risk-free interest rate	2.70% – 6.96%	2.72% – 4.88%	3.15% – 5.01%
Dividend yield	0.0%	0.0%	0.0%
Volatility factor	71.40% – 81.30%	81.73% – 83.94%	84.66% – 87.79%
Expected life	5.81% – 5.90%	5.50% – 5.54%	4.27% – 4.81%

Option valuation models require the input of highly subjective assumptions including expected stock price characteristics significantly different from those of traded options. Because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The weighted-average fair value of options granted during 2003, 2002 and 2001 was $3.50, $7.64 and $5.58, respectively. For purposes of pro-forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro-forma net loss and pro-forma net loss per share, as if the Company had used the fair value accounting provisions of SFAS 123, are shown below.

	Years ended December 31,		
	2003	2002	2001
	(Amounts in thousands, except for per share amounts)		
Net Loss			
As reported	$ (41,206)	$ (16,755)	$ (1,925)
Pro forma	$ (53,940)	$ (30,483)	$ (17,620)
Per Share Amounts			
As reported:			

Basic and Diluted	$ (0.56)	$ (0.22)	$ (0.03)
Pro forma:			
Basic and Diluted	$ (0.73)	$ (0.40)	$ (0.23)

Effects of Recently Issued Accounting Pronouncements. 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. Certain elements, which would impact the Company, did not have a material impact.

NOTE 2: SEGMENT INFORMATION AND CUSTOMER CONCENTRATIONS

The Company classifies its business activities into three segments: North American Customer Care, International Customer Care, 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 Customer Care provide comprehensive customer management services. North American Customer Care consists of customer management services provided to United States' and Canadian clients while International Customer Care consists of clients in 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.

It is a significant Company strategy to garner additional business through the lower cost opportunities offered by certain international countries. Accordingly, the Company provides services to certain U.S. clients from CMCs in Canada, India, Argentina, Mexico and the Philippines. Under this arrangement, while the U.S. subsidiary invoices 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 is recorded in the U.S. while a portion is recorded in the foreign location. For U.S. clients being fulfilled from Canadian locations and the Philippines, which represents the majority of these arrangements, the profits all remain within the North American Customer Care segment. For U.S. clients being fulfilled from other countries, a portion of the profits is reflected in the International Customer Care segment. For the year ended December 31, 2003, approximately $1.9 million of income from operations in the International Customer Care 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 Customer Care segment.

In 2003, the Company adopted the practice of allocating corporate operating expenses to segments based upon the segments' respective pro rata percentage of consolidated revenue. Prior to 2003, corporate operating expenses were shown as a separate segment. The information as of December 31, 2002 and 2001 has been restated to reflect this change.

	Year Ended December 31,		
	2003	2002	2001
	(Amounts in thousands)		
Revenues:			
North American Customer Care	$ 627,161	$ 709,023	$ 610,207
International Customer Care	255,638	212,425	234,781
Database marketing and consulting	109,541	95,988	71,156
Total	$ 992,340	$ 1,017,436	$ 916,144
Income (Loss) from Operations:			
North American Customer Care	$ 31,433	$ 30,534	$ 34,048
International Customer Care	(31,418)	(35,777)	(3,372)
Database marketing and consulting	10,243	11,138	484
Total	$ 10,258	$ 5,895	$ 31,160
Depreciation and Amortization (Included in Income from Operations):			
North American Customer Care	$ 32,882	$ 33,791	$ 36,699
International Customer Care	15,691	15,984	15,793
Database marketing and consulting	10,023	7,950	7,816
Total	$ 58,596	$ 57,725	$ 60,308
Assets:			
North American Customer Care	$ 346,027	$ 376,127	$ 357,626
International Customer Care	108,575	77,792	137,741
Database marketing and consulting	96,672	86,669	78,572
Total	$ 551,274	$ 540,588	$ 573,939

Goodwill, net (Included in Total Assets):			
North American Customer Care	$ 11,446	$ 11,446	$ 11,446
International Customer Care	5,393	5,180	15,756
Database marketing and consulting	13,361	13,361	13,361
Total	$ 30,200	$ 29,987	$ 40,563
Capital Expenditures (Including Capital Leases):			
North American Customer Care	$ 39,007	$ 20,275	$ 13,841
International Customer Care	34,341	11,185	34,903
Database marketing and consulting	5,705	6,829	6,687
Total	$ 79,053	$ 38,289	$ 55,431

The following data includes revenue and gross property and equipment based on the geographic location where services are provided or the physical location of the equipment:

	Year Ended December 31,		
	2003	2002	2001
	(Amounts in thousands)		
Revenues:			
United States	$ 557,468	$ 662,950	$ 535,242
Asia Pacific	120,741	91,828	76,952
Canada	163,048	136,436	144,253
Europe	94,967	66,907	86,862
Latin America	56,116	59,315	72,835
Total	$ 992,340	$ 1,017,436	$ 916,144
Gross Property and Equipment:			
United States	$ 204,858	$ 174,666	$ 189,270
Asia Pacific	40,467	30,340	23,641
Canada	49,076	35,542	34,549
Europe	21,613	19,364	29,539
Latin America	33,565	27,014	34,491
Total	$ 349,579	$ 286,926	$ 311,490
All Other Long-Lived Assets:			
United States	$ 20,539	$ 17,756	$ 22,455
Asia Pacific	977	4	18
Canada	211	336	481
Europe	2,544	4,250	174
Latin America	3,155	96	4,190
Total	$ 27,426	$ 22,442	$ 27,318

Significant Customers

The Company has two customers who contributed in excess of 10% of total revenue, both of which are involved in the communications industry. The revenue from these customers as a percentage of total revenues for each of the three years ended December 31 is as follows:

	2003	2002	2001
Customer A	17%	16%	19%
Customer B	14%	15%	—

At December 31, 2003, accounts receivable from customers A and B were $24.9 million and $25.3 million, respectively. These customers are included in the North American Customer Care reporting segment.

The loss of one or more of its significant customers could have a material adverse effect on the Company's business, operating results or financial condition. The Company does not require collateral

from its customers. To limit the Company's credit risk, management performs ongoing credit evaluations of its customers and maintains allowances for potentially uncollectible accounts. Although the Company is impacted by economic conditions in the communications and media, automotive, financial services and government services industries, management does not believe significant credit risk exists at December 31, 2003.

NOTE 3: DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Accounts Receivable

Accounts receivable consist of the following at December 31:

	2003	2002
	(in thousands)	
Accounts receivable	$ 149,903	$ 144,921
Less–allowance for doubtful accounts	(4,771)	(7,323)
Accounts receivable, net	$ 145,132	$ 137,598

Activity in the Company's allowance for doubtful accounts consists of the following:

	2003	2002	2001
		(in thousands)	
Balance, beginning of year	$ 7,323	$ 6,331	$ 6,664
Provision for bad debts	4,382	9,258	6,026
Deductions for uncollectible receivables written off	(6,934)	(8,266)	(6,359)
Balance, end of year	$ 4,771	$ 7,323	$ 6,331

Property and Equipment

Property and equipment consisted of the following at December 31:

	2003	2002
	(in thousands)	
Land and buildings	$ 29,785	$ 354
Computer equipment and software	144,714	120,490
Telephone equipment	49,681	38,619
Furniture and fixtures	47,276	35,583
Leasehold improvements	77,166	88,295
Construction in Progress	705	2,481
Other	252	1,104
	349,579	286,926
Less—accumulated depreciation	(200,889)	(163,833)
	$ 148,690	$ 123,093

Included in the cost of property and equipment is the following equipment obtained through capitalized leases as of December 31:

	2003	2002
	(in thousands)	
Computer equipment and software	$ 2,843	$ 4,812
Telephone equipment	1,620	3,934
Furniture and fixtures	273	3,297
	4,736	12,043
Less—accumulated depreciation	(3,644)	(8,202)
	$ 1,092	$ 3,841

NOTE 4: LONG-TERM DEBT

Capital Lease Obligations

The Company has financed certain property and equipment under non-cancelable capital leases. Accordingly, the fair value of the equipment has been capitalized and the related obligation recorded. The average implicit interest rate on these leases was 7.0% at December 31, 2003. Interest is charged to expense at a constant rate applied to declining principal over the period of the obligation.

The future minimum lease payments under capitalized lease obligations as of December 31, 2003 are as follows (in thousands):

2004	$ 1,006
2005	188
Thereafter	32
	1,226
Less—amount representing interest	(122)
	1,104
Less—current portion	(909)
	$ 195

Interest expense associated with capital leases was $0.2 million, $0.4 million and $0.6 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Senior Notes

Senior Notes consisted of the following as of December 31:

	2003	2002
	(in thousands)	
Series A notes payable, interest at 8.75% per annum, interest payable semi-annually, principal payable annually commencing October 30, 2004, maturing October 30, 2008, unsecured	$ 60,000	$ 60,000
Series B notes payable, interest at 9.15% per annum, interest payable semi-annually, principal payable annually commencing October 30, 2005, maturing October 30, 2011, unsecured	15,000	15,000
	$ 75,000	$ 75,000

The future principal amounts due for the Senior Notes are as follows (in thousands):

2004	$ 12,000
2005	14,143
2006	14,143
2007	14,143
2008	14,143
Thereafter	6,428
	$ 75,000

A significant restrictive covenant under the Senior Notes requires the Company to maintain a minimum fixed charge coverage ratio as defined in the agreement. The Senior Notes are securitized with a majority of the Company's domestic assets. 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 December 31, 2003, the make-whole payment is approximately $9.2 million. The Senior Notes are guaranteed by all of the Company's subsidiaries.

Long-Term Debt

As of December 31, 2003 and 2002, other long-term debt consisted of the following notes:

	2003	2002
	(in thousands)	
Note payable, interest at 8% per annum, principal and interest payable monthly, maturing May 2010, unsecured	$ 299	330
Note payable, interest at 8% per annum, principal and interest payable	—	100

	2003	2002
quarterly, maturing April 2003, unsecured		
Note payable, interest at 7% per annum, principal and interest payable monthly, maturing May 2004, unsecured	69	135
Other notes payable	1,392	1,871
	1,760	2,436
Less—current portion	(1,492)	(1,376)
	$ 268	$ 1,060

Annual maturities of other long-term debt are as follows (in thousands):

Year ended December 31,	
2004	$ 1,492
2005	45
2006	43
2007	47
2008	51
Thereafter	82
	$ 1,760

Revolving Line of Credit

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 lender approval, within three years from the October 2002 closing date of the Revolver. 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's leverage ratios as defined in the agreement. At December 31, 2003, the interest rate was 3.15% per annum with $39.0 million drawn under the Revolver. The Revolver is guaranteed by all of the Company's domestic subsidiaries and is secured by a majority of the Company's domestic assets. A significant restrictive covenant under the Revolver requires the Company to maintain a minimum fixed charge coverage ratio as defined in the agreement. The Revolver also limits the amount of share repurchases and prohibits payment of cash dividends.

The Revolver and Senior Notes each contain provisions whereby a default under either agreement results in a cross-default in the other agreement. Further, the Revolver and Senior Notes are subject to an 'inter-creditor' agreement, which includes the allocation methodology by which the proceeds would be distributed to the Revolver lenders and Senior Notes lenders in the event of default, and subsequent liquidation.

As a result of lower than anticipated financial performance in the first quarter 2004, management is currently forecasting that the Company will be in violation of certain financial covenants in the Revolver and Senior Note agreements as of March 31, 2004. The Company is pursuing several alternatives to address the violation should it indeed not operate within the covenants, including obtaining waivers or amendments to the debt agreements, paying off all or a portion of the outstanding debt agreements and obtaining new financing.

Obtaining waivers or amendments to the existing debt agreements may result in amendment fees and higher annual interest expense, as well as additional or stricter financial covenants. There is no assurance the Company will be successful in obtaining waivers or amendments, or maintaining compliance with financial covenants in the future.

The Company's Spanish subsidiary has a factoring line of credit for $13.5 million (EUR 10.7 million) and $8.4 million and $2.6 million was outstanding as of December 31, 2003 and 2002, respectively. The Company's Brazilian subsidiary has a factoring line of credit for $0.7 million (R1.9 million) and $0.2 million and $0.0 million was outstanding as of December 31, 2003 and 2002, respectively. The Company's Brazilian subsidiary has a bank line of credit for $0.4 million (R1.2 million), and $0.4 million and $0.2 million was outstanding as of December 31, 2003 and 2002, respectively.

NOTE 5: INCOME TAXES

The components of loss before income taxes are as follows for the years ended December 31 (in thousands):

	2003	2002	2001
Domestic	$ (7,630)	$ (1,168)	$ (53,805)
Foreign	3,642	(2,440)	52,054
Total	$ (3,988)	$ (3,608)	$ (1,751)

The components of the provision (benefit) for income taxes are as follows for the years ended December 31 (in thousands):

	2003	2002	2001
Current provision:			
Federal	$ 6,709	$ (6,241)	$ (12,550)
State	872	(844)	(2,051)
Foreign	9,909	21,908	23,926
	17,489	14,823	9,325
Deferred provision:			
Federal	25,426	(10,932)	(6,687)
State	3,305	(1,306)	(842)
Foreign	(9,002)	(979)	(1,622)
	19,729	(13,217)	(9,151)
	$ 37,218	$ 1,606	$ 174

The following reconciles the Company's effective tax rate to the federal statutory rate for the years ended December 31 (in thousands):

	2003	2002	2001
Income tax (benefit) expense per federal statutory rate	$ (1,396)	$ (1,263)	$ (613)
State income taxes, net of federal deduction	2,032	(1,456)	(94)
Valuation allowance	29,938	2,800	—
Foreign income taxed at different rate	878	867	2,714
Loss on equity investment	4,617	—	—
Write down of property, plant and equipment	2,277	—	—
Foreign adjustments	(2,157)	—	—
Other	1,029	658	(1,833)
	$ 37,218	$ 1,606	$ 174

The Company's deferred income tax assets and liabilities are summarized as follows as of December 31 (in thousands):

	2003	2002
Current deferred tax assets:		
Allowance for doubtful accounts	$ 1,057	$ 2,865
Vacation accrual	1,791	3,002
Compensation	2,622	1,901
Insurance reserves	1,073	793
Accrued restructuring charges	314	1,744
Accrued sales tax	1,431	—
Deferred revenue	3,084	—
Other	2,218	1,328
	13,590	11,633
Long-term deferred tax assets:		
Depreciation and amortization	14,119	12,231
Other than temporary loss on equity investment	—	7,440
Deferred revenue	—	7,546
Deferred costs	1,314	—
Unrealized losses on securities and derivatives	—	2,208
Lease write down	418	677
Net operating losses	17,646	—
Percepta warrant amortization	1,194	—
Long-term accrued liabilities	1,367	
Other	1,647	—
	37,705	30,102
Current deferred tax liability:		
Other	(246)	—
Long-term deferred tax liability:		
Capitalized software	(5,650)	(5,652)
Depreciation and amortization	—	(466)
Severance accrual	(3,569)	(4,059)

Unrealized losses on securities/derivatives	(1,703)	—
Other	(118)	(58)
	(11,040)	(10,235)
Federal tax credits	1,700	—
Valuation allowance	(32,738)	(2,800)
Total	$ 8,971	$ 28,700

As of December 31, 2003, after consideration of all tax loss and tax credit carryback opportunities, the Company had net operating loss carryforwards expiring as follows (in thousands):

	Foreign	Domestic	Total
2005-2006	$ 1,230	$ —	$ 1,230
2007	5,295	—	5,295
2008-2011	4,020	—	4,020
2013	8,389	—	8,389
2016	7,186	—	7,186
2017	4,658	—	4,658
2020	—	3,709	3,709
2021	—	1,343	1,343
2023	—	8,358	8,358
No expiration	1,407	—	1,407
No expiration/limited*	4,465	—	4,465
Total	$ 36,650	$ 13,410	$ 50,060

* No carryback; indefinite carryforward but limited to 30% of current year taxable income.

As of December 31, 2003, the Company also had tax credit carryforwards expiring as follows (in thousands):

2021	$ 350
2022	674
2023	676
Total	$ 1,700

During 2002, the Company established a valuation allowance of $2.8 million for certain deferred tax assets in its international Customer Care segment. The changes to the valuation allowance during 2003 were (in thousands):

Net deferred tax assets, U.S. tax return	$ 23,992
Net deferred tax assets, Spanish net operating losses	2,396
Net deferred tax assets, Brazil	1,887
Other	1,663
Total change to valuation allowance, 2003	$ 29,938

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 increase the valuation allowance by $29.9 million.

During 2003, the Company determined that the Spanish statutory general ledger was not properly converted as a result of a general ledger system implementation in Spain, which occurred during the fourth quarter of 2002. As a result, Spain's deferred tax asset balance was understated. During the fourth quarter of 2002, the Company determined the need 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 sufficient valuation allowance during 2002. Accordingly, the Company recorded approximately $2.4 million of additional tax expense 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.

In the fourth quarter of 2003, management completed an analysis of the recoverability of the Company's deferred tax assets in Brazil. Based upon an evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next three years, management determined to establish a valuation allowance of $1.9 million.

Also, the Company wrote off $4.6 million of a deferred tax asset representing the stock investment in enhansiv holdings, inc. ("EHI") because it was determined this loss could not be realized for tax purposes.

During 2003, the Company completed a global reconciliation of its tax assets and liabilities. As a result, the Company wrote down its cumulative book-tax differences by $6.5 million ($2.3 million tax effected) related to fixed assets and recorded cumulative book-tax differences in certain foreign locations of $6.2 million ($2.2 million tax effected).

NOTE 6: EMPLOYEE BENEFIT PLAN

The Company has a 401(k) profit-sharing plan that allows participation by employees who have completed six months of service, as defined, and are 21 or older. Participants may defer up to 15% of their gross pay up to a maximum limit determined by law. Participants are also eligible for a matching

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contribution by the Company of 50% of the first 6% of compensation a participant contributes to the plan. Participants vest in matching contributions over a four-year period. Company matching contributions to the 401(k) plan totaled $1.3 million, $2.0 million and $2.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. Effective August 15, 2003, the Company match is discretionary.

NOTE 7: STOCK COMPENSATION PLANS

The Company adopted a stock option plan during 1995 (the "1995 Option Plan") and amended and restated the plan in January 1996 for directors, officers, employees, consultants and independent contractors. The 1995 Option Plan reserved 7.0 million shares of common stock and permits the award of incentive stock options, non-qualified options, stock appreciation rights and restricted stock. Outstanding options vest over a three- to five-year period and are exercisable for 10 years from the date of grant.

In January 1996, the Company adopted a stock option plan for non-employee directors (the "Director Plan"), covering 750,000 shares of common stock. All options were granted at fair market value at the date of grant. Options vested as of the date of the option but were not exercisable until six months after the option date. Options granted are exercisable for 10 years from the date of grant unless a participant is terminated for cause or one year after a participant's death. The Director Plan had options to purchase 454,250, 472,250 and 472,250 shares outstanding at December 31, 2003, 2002 and 2001, respectively. In May 2000, the Company terminated future grants under the Director Plan. From that point on, directors received options under the Company's 1999 Stock Option and Incentive Plan.

In July 1996, the Company adopted an employee stock purchase plan (the "ESPP"). Pursuant to the ESPP, as amended, an aggregate of 1,000,000 shares of common stock of the Company was available for issuance under the ESPP. Employees were eligible to participate in the ESPP after three months of service. The price per share purchased in any offering period is equal to the lesser of 85% of the fair market value of the common stock on the first day of the offering period or on the purchase date. The offering periods have a term of six months. Stock purchased under the plan for the years ended December 31, 2003, 2002 and 2001 were $0.9 million, $1.9 million and $1.8 million, respectively.

In February 1999, the Company adopted the TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan (the "1999 Option Plan"). The purpose of the 1999 Option Plan is to enable the Company to continue to (a) attract and retain high quality directors, officers, employees and potential employees, consultants and independent contractors of the Company or any of its subsidiaries; (b) motivate such persons to promote the long-term success of the business of the Company and its subsidiaries and (c) induce employees of companies that are acquired by TeleTech to accept employment with TeleTech following such an acquisition. The 1999 Option Plan supplements the 1995 Option Plan. An aggregate of 14 million shares of common stock has been reserved for issuance under the 1999 Option Plan, which permits the award of incentive stock options, non-qualified stock options, stock appreciation rights and shares of restricted common stock. As previously discussed, the 1999 Option Plan also provides annual stock option grants to Directors. Outstanding options generally vest over a period of four to five years and are exercisable for ten years from the date of grant.

A summary of the status of the Company's stock option plans for the three years ended December 31, 2003, together with changes during each of the years then ended, is presented in the following table:

	Shares	Weighted Average Price Per Share
Outstanding, December 31, 2000	13,742,764	$ 15.11

Grants	3,207,610	$	8.13
Exercises	(1,784,082)	$	4.36
Forfeitures	(4,292,508)	$	17.62
Outstanding, December 31, 2001	10,873,784	$	13.83
Grants	2,991,400	$	10.79
Exercises	(609,247)	$	6.20
Forfeitures	(1,350,671)	$	17.76
Outstanding, December 31, 2002	11,905,266	$	13.01
Grants	1,921,100	$	4.95
Exercises	(618,831)	$	5.75
Forfeitures	(3,974,652)	$	15.01
Outstanding, December 31, 2003	9,232,883	$	10.96
Options exercisable at year end:			
2003	5,436,099	$	12.27
2002	5,767,636	$	13.09
2001	4,325,846	$	12.97
Weighted average fair value of options granted during the year:			
2003		$	3.50
2002		$	7.64
2001		$	5.58

The following table sets forth the exercise price range, number of shares, weighted average exercise price and remaining contractual lives at December 31, 2003:

	Outstanding			Exercisable	
Range of Exercise Prices	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Number of Shares Exercisable	Weighted Average Exercise Price
$ 0.63 - $ 3.98	270,332	$ 1.95	3.2	225,338	$ 1.59
$ 4.02 - $ 8.00	4,482,122	$ 6.11	7.7	2,077,720	$ 6.45
$ 8.04 - $12.00	2,573,937	$ 10.88	6.7	1,676,840	$ 10.65
$12.10 - $15.94	576,349	$ 13.50	5.9	416,593	$ 13.56
$16.19 - $20.00	207,816	$ 17.89	5.8	144,473	$ 17.98
$20.44 - $23.94	48,611	$ 20.65	6.9	33,659	$ 20.62
$24.06 - $28.00	210,750	$ 25.16	4.8	183,150	$ 25.14
$28.06 - $32.00	671,466	$ 30.87	6.1	533,851	$ 30.93
$32.38 - $36.00	154,250	$ 34.00	5.3	118,425	$ 33.89
$36.88 - $40.00	37,250	$ 38.69	6.0	26,050	$ 38.78
	9,232,883			5,436,099	

NOTE 8: RELATED PARTY TRANSACTIONS

The Company has entered into agreements pursuant to which Avion, LLC ("Avion") and AirMax, LLC ("AirMax") provide certain aviation flight services to and as requested by the Company. Such services include the use of an aircraft and flight crew. Kenneth D. Tuchman, Chief Executive Officer and Chairman of the Board of the Company, has a direct 100% beneficial ownership interest in Avion. During 2003, 2002, and 2001 the Company paid an aggregate of $1.0 million, $1.8 million, and $0.7 million, respectively, to Avion for services provided to the Company. Mr. Tuchman also purchases services from AirMax and from time to time provides short-term loans to AirMax. During 2003, 2002, and 2001 the Company paid to AirMax an aggregate of $0.8 million, $1.0 million, and $0.5 million, respectively, for services provided to the Company. The Audit Committee of the Board of Directors reviews these transactions quarterly and believes that the fees charged by Avion and AirMax are at fair market value.

In the fourth quarter of 2000, the Company and its enhansiv subsidiary executed a transaction, whereby the Company transferred all of its shares of common stock of enhansiv, inc., a Colorado corporation ("enhansiv"), to enhansiv holdings, inc., a Delaware corporation ("EHI") in exchange for Series A Convertible Preferred Stock of EHI. EHI was developing a centralized, open architecture, customer management platform that incorporates a contact management database across all customer contact channels. The Company believed that the EHI technology would allow it to move to a more centralized technology platform, allowing it to provide more cost effective solutions in a more timely manner. As part of the transaction, EHI sold shares of common stock to a group of investors. These shares represented 100% of the existing common shares of EHI, which in turn owned 100% of the common shares of enhansiv. In addition, the Company received an option to purchase approximately

95% of the common stock of EHI. The Company also agreed to make available to EHI a convertible $7.0 million line of credit, which was fully drawn in the second quarter of 2001.

One of the investors was Kenneth D. Tuchman, who acquired 14.4 million shares of EHI common stock for $3.0 million, representing 42.9% of EHI in the initial transaction. Subsequent to the initial sale of common stock, EHI sold 9.6 million shares to Mr. Tuchman for $2.0 million, giving him an additional 12.1% interest in EHI. Upon Mr. Tuchman's second investment, he entered into a confirmation joinder and amendment agreement which stated that for as long as Mr. Tuchman owned 50% of EHI's common stock, all action requiring stockholder approval shall require approval of holders of at least $66^{2}/_{3}$% of EHI common stock. The remaining equity of $4.0 million, which represented approximately 17% of the fair value of the assets at inception, came from unrelated third parties and was at risk.

In June 2001, the Company entered into another EHI transaction whereby the Company agreed to fund an additional $5.0 million for certain development activities in exchange for a licensing agreement and the right to convert this additional investment into Series B Preferred Stock that is convertible at the option of the Company into EHI's common stock. The Company funded $4.8 million of this additional commitment.

As a preferred stockholder, the Company accounted for its investment in EHI under the equity method of accounting. Accordingly, the Company recorded all of EHI's losses in excess of the value of all subordinate equity investments in EHI (common stock). The Company began recording EHI losses during the second quarter of 2001 and continued to do so through May 31, 2002. These losses totaled $3.6 million and $7.7 million for the years ended December 31, 2002 and 2001, respectively, and are included as a separate line item in other income (expense) in the accompanying Consolidated Statements of Operations. During 2000, the Company did not record any losses from EHI subsequent to the sale of common stock.

On May 31, 2002, Mr. Tuchman transferred his 55% ownership of EHI's common stock to the Company and received no consideration in return. The Company placed nominal value on this transaction based on a third-party appraisal. As a result, the Company began consolidating the results of EHI effective June 1, 2002. During the fourth quarter of 2002, the Company purchased the remaining common stock of EHI held by the outside shareholders for approximately $2.3 million. The Company expensed the consideration paid based on the above mentioned third-party appraisal. The loss on this transaction is reflected in other expense in the accompanying Consolidated Statements of Operations for the year ended December 31, 2002. Notwithstanding the appraised valuation of the shares acquired, the Company places value on retaining the intellectual property that justified the payment of the purchase price. As a result of this transaction, the Company now owns 100% of EHI, which was merged into the Company in the fourth quarter of 2003.

During the second quarter of 2001, after EHI was unsuccessful in raising additional outside capital, the Company concluded that its investment in EHI exceeded its fair value and such decline was other than temporary. The Company's determination of fair market value was based on pre-money valuations used by third parties during discussions to raise outside capital. The Company considered current and anticipated market conditions in its determination that the decline in value was other than temporary. As a result, the Company recorded a $16.5 million charge to adjust the investment's carrying value

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down to its estimated fair value. The Company's net investment in EHI of $3.8 million at December 31, 2001 is included in other assets in the accompanying Consolidated Balance Sheets. Net assets of EHI, excluding the Company's loan to EHI, were $15.0 million at December 31, 2001. EHI had no outside debt or other outstanding borrowings other than that owed to the Company.

During 2000 and 2001, the Company loaned an officer $1.0 million. The officer is no longer with the Company, and a security agreement and payment plan are in place. The loan has an annual interest rate of 8% and is secured by all bonus payments made from future employee arrangements, proceeds from sale of Company stock, proceeds from the sale of shares from future employee arrangements and any severance payments. As of December 31, 2003 and 2002 the loan had an outstanding balance of approximately $0.6 million and $0.9 million, respectively. This loan is included in other assets in the accompanying Consolidated Balance Sheets.

During 2002 and 2001, the Company utilized the services of Korn Ferry International ("KFI") for executive search projects. James Barlett, Vice Chairman and a director of the Company is a director of KFI. During the years ended December 31, 2003, 2002, and 2001, the Company paid $1.1 million, $0.7 million, and $0.3 million, respectively, to KFI for executive search services.

During 2001, the Company purchased cable and wiring materials from Anixter International, Inc. Rod Dammeyer, a director of the Company at that time, served as Vice Chairman and a director for Anixter International, Inc. until February 2001. During the year ended December 31, 2001, the Company paid $0.1 million to Anixter International, Inc.

NOTE 9: ACQUISITIONS

On September 1, 2003, the Company acquired all the shares of a company in Brazil, which held contracts with a large customer and had a trained workforce, for cash of approximately $1.9 million. Variable installment payments will be paid quarterly over three years based upon specified percentages of revenue earned through those contracts. These variable installment payments are estimated to aggregate to $3.6 million.

NOTE 10: FORD JOINT VENTURE

During the first quarter of 2000, the Company and Ford Motor Company ("Ford") formed Percepta, a joint venture. Percepta was formed to provide global customer management solutions for Ford and other automotive companies. Percepta is currently providing such services in the United States, Canada, Australia and Scotland. The Company owns 55% and Ford owns 45% and each joint venture partner shares in the profits, dividends and any distributions of assets in accordance with its ownership percentage.

In connection with this formation, the Company issued stock purchase warrants to Ford entitling Ford to purchase 750,000 shares of TeleTech common stock for $12.47 per share. These warrants were valued at $5.1 million using the Black-Scholes Option model. The warrants expire on December 31, 2005.

Ford has the right to earn additional warrants based upon Percepta's achievement of certain revenue thresholds through 2004. Such thresholds were not achieved for the years 2000 through 2003.

The number of warrants to be issued is subject to a formula based upon the profitability of Percepta, among other factors. The exercise price of any warrants issued under the agreement will be a 5% premium over the Company's stock price at the date the warrants are issued.

Under the joint venture operating agreement, the Company has the right to require Ford to purchase its interest in Percepta at fair market value at any time after December 31, 2004. Ford also has the right to require the Company to sell its interest in Percepta at fair market value at any time after December 31, 2004. The net book value of Percepta as of December 31, 2003 is approximately $12.0 million. For the year ended December 31, 2003, Percepta reported revenue and income from operations of $92.0 million and $6.1 million, respectively.

NOTE 11: ASSET DISPOSITIONS

In March 2000, the Company and State Street Bank and Trust Company ("State Street") entered into a lease agreement whereby State Street acquired 12 acres of land in Arapahoe County, Colorado for the purpose of constructing a new corporate headquarters for the Company (the "Planned Headquarters Building"). Subsequently, management of the Company decided to terminate the lease agreement as it was determined that the Planned Headquarters Building would be unable to accommodate the Company's anticipated growth. In 2000, the Company recorded a $9.0 million loss on the expected termination of the lease. In addition, the Company incurred $2.2 million of capital expenditures related to the Planned Headquarters Building.

In March 2001, as part of the lease termination, the Company acquired the Planned Headquarters Building being constructed on its behalf for approximately $15.0 million and incurred $10.6 million of capital expenditures to complete construction of the building during 2001. During the second quarter of 2001, after receiving various offers for the Planned Headquarters Building that were less than the estimated completed cost, the Company determined that the fair value of the building, less the cost to complete and sell, exceeded the carrying amount by $7.0 million. Accordingly, the Company recorded a loss on real estate held for sale of $7.0 million, which is included in the accompanying consolidated statements of operations. In October 2001, the Company completed and sold the Planned Headquarters Building to a third party receiving net proceeds of approximately $11.8 million.

In March 2001, the Company shut down its Digital Creators subsidiary. The Company closed the subsidiary because of weak operating performance. It was more cost effective to close the operation than to seek a buyer. There was no significant loss associated with the disposal of this business as the majority of assets and people were absorbed by the Company.

NOTE 12: IMPAIRMENT LOSS

During 2003, the Company determined that two of its CMCs 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, Kansas center upon expiration of the work being performed for the United States Postal Service ("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

Customer Care 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.

During 2002, the Company determined that impairments existed in five CMCs. Accordingly, the Company's North American and International Customer Care segments recorded impairment charges of $16.7 million and $16.1 million, respectively, to write down the assets of those centers to their estimated fair market value.

NOTE 13: RESTRUCTURING CHARGES

During the year ended December 31, 2003, the North American Customer Care segment recorded restructuring charges of approximately $1.6 million related to the closure of its Kansas City, Kansas facility being used to serve the USPS. These charges consisted primarily of the recording of the remaining lease liability along with severance payments. In addition, the Company's North American Customer Care segment recorded a charge of $0.4 million for severance and termination benefits for 591 employees at a managed center that was shut down in March 2003. The Company's North American Customer Care, International Customer Care and Database Marketing and Consulting segments also recorded approximately $1.3 million, $2.2 million, and $0.1 million, respectively, during the year ended December 31, 2003 for other severance and termination benefits related to the termination of 102, 203 and 13 administrative employees, respectively. The Company reversed approximately $1.9 million of excess accruals related to 2002 restructurings. The reversal of excess accruals has been offset against the restructuring expense in the accompanying Consolidated Statements of Operations.

During 2002, the Company's corporate and North American Customer Care segments recorded restructuring charges associated with the termination of approximately 400 administrative employees and the impairment of a property lease totaling approximately $7.3 million and $0.9 million, respectively. Additionally, the Company's international Customer Care segment recorded a loss on the closure of CMCs in Spain and Canada of approximately $1.2 million. These charges are reflected on separate line items in the accompanying Consolidated Statements of Operations.

During 2001, the Company recorded a $7.7 million loss in its North American Customer Care segment on the closure of a CMC located in Thornton, Colorado, consisting of future rent and occupancy costs and loss on disposal of assets, which is reflected as a separate line item in the accompanying Consolidated Statements of Operations.

During 2001, the Company implemented certain cost cutting measures. In connection with these actions, the Company recorded $18.5 million of charges for severance and other termination benefits related to a reduction in force of approximately 500 employees, which are reflected as a separate line item in the accompanying Consolidated Statements of Operations.

A rollforward of the activity in the above mentioned restructuring accruals for the years ended December 31, 2003 and 2002 follows (in thousands):

	Closure of CMCs	Reduction in Force	Total
Balances, December 31, 2000	$ 475	$ —	$ 475
Expense	7,733	18,515	26,248
Payments	(4,679)	(15,883)	(20,562)
Balances, December 31, 2001	3,529	2,632	6,161
Expense	1,213	8,243	9,456
Write down of assets	(1,201)	—	(1,201)
Payments	(1,360)	(4,147)	(5,507)
Balances, December 31, 2002	2,181	6,728	8,909
Expense	1,936	3,692	5,628
Payments	(2,116)	(8,010)	(10,126)
Reversals	(798)	(1,154)	(1,952)
Balances, December 31, 2003	$ 1,203	$ 1,256	$ 2,459

The restructuring accrual is included in other accrued expenses in the accompanying Consolidated Balance Sheets.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Leases. The Company has various operating leases for equipment, CMCs and office space, which generally contain renewal options. Rent expense under operating leases was approximately $31.2 million, $33.3 million and $31.1 million for the years ended December 31, 2003, 2002 and 2001, respectively. Certain operating lease agreements contain residual value guarantee clauses that, if paid, would not have a significant impact on the Company's cash position or operating results.

In December 2000, the Company and State Street consummated a lease transaction for the Company's new corporate headquarters, whereby State Street acquired the property at 9197 South Peoria Street, Englewood, Colorado (the "Property"). Simultaneously, State Street leased the Property to TeleTech Services Corporation ("TSC"), a wholly owned subsidiary of the Company. As part of the transaction, State Street formed a special purpose entity to purchase the Property and hold the associated debt and equity from a group of banks. The debt held by this entity was approximately $37.0 million at December 31, 2002. In February, 2003, the Company purchased the Property from State Street for $38.2 million using proceeds from the Revolver.

The future minimum rental payments required under non-cancelable operating leases as of December 31, 2003 are as follows (in thousands):

Year ended December 31,	
2004	$ 32,072
2005	22,989
2006	19,092
2007	16,089
2008	12,655
Thereafter	64,917
	$ 167,814

Under an aircraft lease, the Company guarantees a residual value at the end of a lease (2007) not to exceed $1.6 million. The Company currently cannot anticipate how much, if any, it might owe under this agreement at the end of the lease.

Purchase Commitments. Effective December 15, 2003, the Company entered into a forty-two month telecommunication services agreement (the "Services Agreement") with a major telecommunications company (the "Telecomm Company") with a minimum purchase commitment of $17.0 million. The Services Agreement specifies that, if by January 1, 2005, the Telecomm Company has not awarded the Company 1,000 full-time equivalent seats and a twenty-four month commitment, the Company may terminate the Services Agreement without liability. In the event that the Services Agreement is terminated by the Company without cause or by the Telecomm Company for cause, the Company will be required to pay an amount equal to the difference between the Minimum Commitment and the actual services purchased during the life of the Services Agreement. Although no assurances can be given, management believes that the Company's telecommunication service requirements will be sufficient to meet the Minimum Commitment amount.

Effective December 2003, the Company entered into a thirty month initial period contract with another telecommunications company with a minimum purchase commitment of $6.0 million. If the Company terminates the contract during the initial period, a penalty of up to 50% of the minimum purchase commitment will be assessed. If, during the initial period, the telecommunications company terminates or significantly reduces volumes under a Master Service Agreement signed with the Company on June 29, 2001, a penalty of 5% of the remaining minimum purchase commitment can be assessed.

Legal Proceedings. From time to time, the Company may be involved in claims or lawsuits that arise in the ordinary course of business. Accruals for claims or lawsuits have been provided for to the extent that losses are deemed probable and estimable. Although the ultimate outcome of these claims or lawsuits

cannot be ascertained, on the basis of present information and advice received from counsel, it is management's opinion that the disposition or ultimate determination of such claims or lawsuits will not have a material adverse effect on the Company.

Sales and Use Taxes. The Company has received inquiries from several states regarding the applicability of sales or use taxes on its services primarily provided by the Database Marketing and

Consulting segment. Management 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 the Database Marketing and Consulting segment does business. Sales and use tax laws are complex and vary by state. Management has determined that sales or use tax applies in certain states to its products and services of the Database Marketing and Consulting segment. While management cannot quantify the ultimate liability that will be owed, it has recorded approximately $3.6 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, management will update this estimated liability and record charges to operations, if any, when such amounts become both probable and reasonably estimable. At this time, management does not expect the outcome to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

In regards to the North American Customer Care segment, management has not determined whether sales or use tax applies to its services. If management determines sales tax does 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, and accordingly, it could impact the Company's future results of operations.

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 December 31, 2003 is guaranteed by another subsidiary.

Letters of Credit. At December 31, 2003 outstanding letters of credit totaled approximately $11.1 million, which primarily guarantees workers' compensation and other insurance related obligations, and facility leases.

NOTE 15: QUARTERLY FINANCIAL DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Amounts in thousands, except per share data)			
Year ended December 31, 2003:				
Revenues	$ 245,789	$ 239,995	$ 244,926	$ 261,630
Income (loss) from operations	6,870	(13,878)	9,124	8,142
Net income (loss)	2,765	(43,700)	2,080	(2,351)
Net income (loss) per common share:				
Basic	$ 0.04	$ (0.59)	$ 0.03	$ (0.03)
Diluted	$ 0.04	$ (0.59)	$ 0.03	$ (0.03)
Year ended December 31, 2002:				
Revenues	$ 254,031	$ 253,685	$ 251,889	$ 257,831
Income (loss) from operations	15,300	7,654	10,718	(27,777)
Income (loss) before cumulative effect of change in accounting principle	6,762	3,913	6,217	(22,106)
Net income (loss)	(4,779)	3,913	6,217	(22,106)
Income (loss) before cumulative effect of change in accounting principle per common share:				
Basic	$ 0.09	$ 0.05	$ 0.08	$ (0.30)
Diluted	$ 0.09	$ 0.05	$ 0.08	$ (0.30)
Net income (loss) per common share:				
Basic	$ (0.06)	$ 0.05	$ 0.08	$ (0.30)
Diluted	$ (0.06)	$ 0.05	$ 0.08	$ (0.30)
Year ended December 31, 2001:				
Revenues	$ 237,880	$ 225,211	$ 222,818	$ 230,235
Income (loss) from operations	(4,665)	8,324	10,256	17,245
Net income (loss)	(3,866)	(7,368)	2,126	7,183
Net income (loss) per common share:				
Basic	$ (0.05)	$ (0.10)	$ 0.03	$ 0.09
Diluted	$ (0.05)	$ (0.10)	$ 0.03	$ 0.09

Net income (loss) per common share may not add exactly to annual totals due to rounding.

In the fourth quarter of 2003, the Company determined that, based upon lower than expected 2003 operating results, only the contractual minimum required bonuses would be paid. Therefore, the Company reversed the remaining $2.9 million of bonus accruals that had been previously recorded during 2003. In addition, the Company recorded an additional $2.3 million of income tax expense related to prior periods. In the fourth quarter of 2003, management completed an analysis of the recoverability of the Company's deferred tax assets in Brazil. Based upon an evaluation of positive and negative evidence, along with forecasted taxable income (loss) over the next three years, management determined to establish a valuation allowance of $1.9 million. The adoption of EITF 00-21 decreased the Company's 2003 fourth quarter sales and income from operations by $3.3 million and $2.1 million, respectively.

The Company has restated net loss and net loss per common share for the first and fourth quarters of 2002 to properly reflect no tax effect on the cumulative effect of change in accounting principle recorded in the first quarter of 2002. Upon adoption of SFAS No. 142 on January 1, 2002, the Company recorded a loss on transition of $11.5 million, which it tax effected in its Form 10-Q for the three months ended March 31, 2002. The Company believed that the goodwill would eventually be deducted for tax purposes, but later came of the opinion that the realizability of the future benefit was uncertain. As a result, in the fourth quarter of 2002, the Company wrote off the deferred tax asset associated with the adoption of SFAS No. 142 that had been created in the first quarter of 2002. The financial data above reflects this activity as if the tax benefit was never recorded. The Company did not file amended 10-Q's for the previous quarters of 2002 as there was no impact to income before cumulative effect of change in accounting principle, which the Company believes its shareholders used to analyze the Company's 2002 profitability, and the balance sheet impact of $4.0 million was immaterial to consolidated total assets in any given quarter.

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Exhibit 10.29

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

Exhibit 10.30

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

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(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

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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

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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 10.31

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:

Exhibit 10.32

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 , 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 , 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 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 10.33

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

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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 ____________________
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 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 10.34

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,

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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

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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.

By ________________________
Name ________________________
Title ________________________

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: ____________________

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

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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

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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 (c) 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

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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,

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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

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"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,

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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 9-50l(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

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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

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Section 7.01(h), (k) or (l) (but in the case of subsection 7.01(1), 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

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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)

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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 cither 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(1) 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) retrain 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;

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(1), 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(1), 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.

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(1) 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(1) 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 1

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

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Exhibit 10.36

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

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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 Pledger 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 avalid, 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

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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)

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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 1 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 (Telecommunications), Inc.	1	10	10	100%
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%

Exhibit 10.37

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:

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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 Section11 (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 1 (and, except as set forth on Schedule 1, 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 (1) 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

Subsidiary	FEIN	State of Incorporation	State Org ID	Chief Executive Office/ Principle Place of Business
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 Mc Williams 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

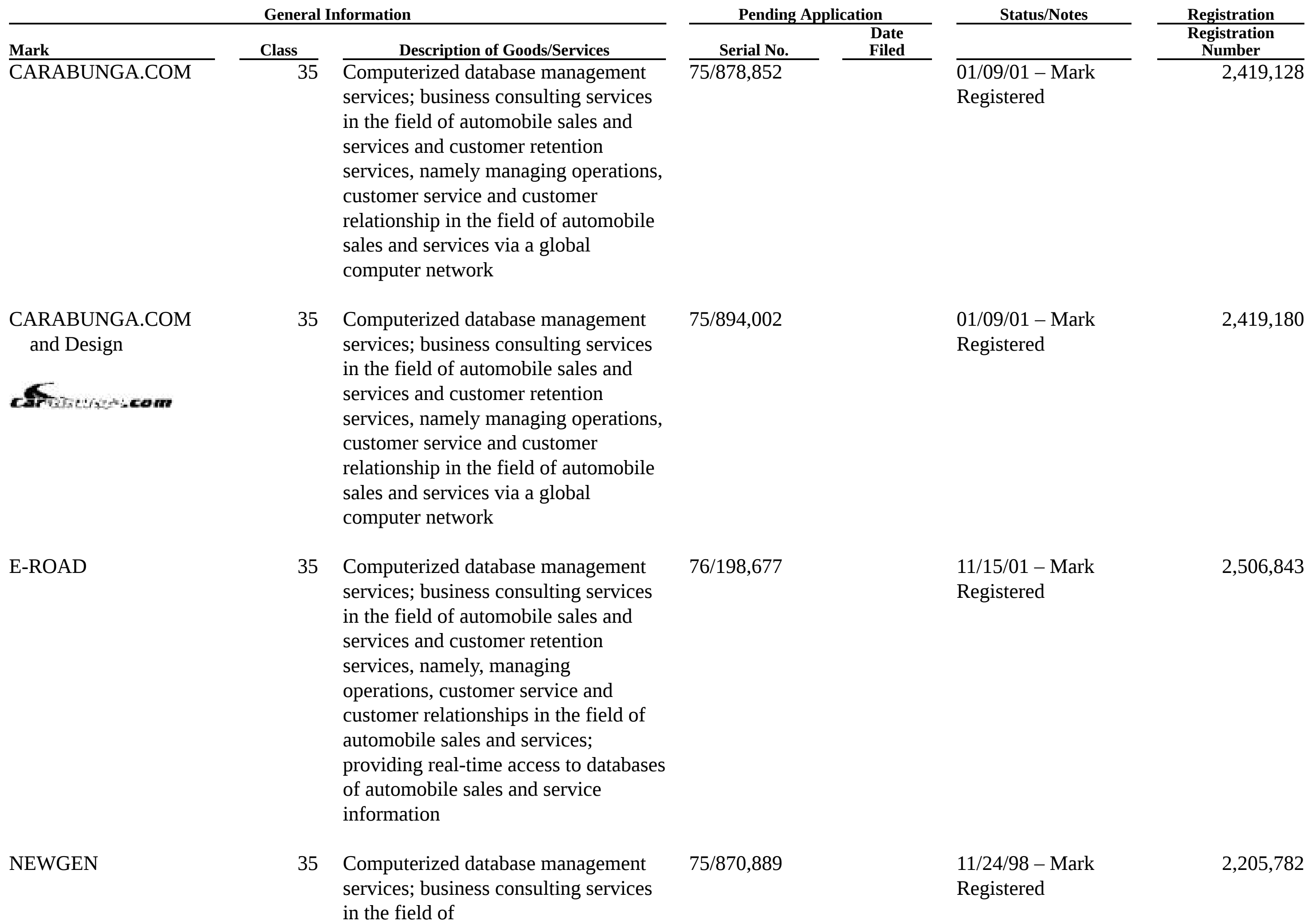
General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed	Status	Registration Number
CYBERCARE	9	Computer software for managing and accessing databases containing information about products and services of others, which said others' 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 35 38 42		76/084,867	07/03/00	10/29/02 – Mark Registered	2,641,711

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed	Status	Registration Number
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

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed	Status	Registration Number
TELETECH	35 41 42	35 – Employment and advertising agency services for others andresearch, 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 andseminars, 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 andresearch, 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

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed	Status	Registration Number
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	75/870,889		11/24/98 – Mark Registered	2,205,782

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Field		Registration Number
		automobile sales and services and customer retention services, namely, managing operations, customer service and customer relationships in the field of automobile sales and services				
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			11/17/98 – Mark Registered	2,204,032

		relationships in the field of automobile sales and services				
ROAD	9	Computer hardware and software for use by automobile dealers to remotely access databases of automobile sales and maintenance information and generate reports from such data	75/684,596		08/21/01 – Mark Registered.	2,480,539
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			11/24/98 – Mark Registered	2,205,781

General Information			Pending Application		Status/Notes	Registration
Mark	Class	Description of Goods/Services	Serial No.	Date Filed		Registration Number
		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				
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
cybercarcsolutions.com
dcr3.com
teletechsucks.com
teletechsucks.org
teletechsucks.net
emersant.com.pl
enhansiv.com.pl
emersant.com.ph
enhansiv.ph
enhansiv.com.ph
cmcrsant.ph

Exhibit 10.38

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 hereundcr; (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

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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

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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. It 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 (c) 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

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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:

Exhibit 21.1

Carabunga.com. Inc.
Global One Captive Insurance Company
Global One Colorado, Inc.
Newgen Results Corporation
Percepta Holdings, Inc.
Percepta, LLC
TeleTech Customer Care Management (CA), Inc.
TeleTech Customer Care Management (CO), Inc.
TeleTech Customer Care Management (PA), LLC
TeleTech Customer Care Management (TX), Inc.
TeleTech Customer Care Management (WV), Inc.
TeleTech Customer Services, Inc.
TeleTech Facilities Management (Postal Customer Support), Inc.
TeleTech Financial Services Management, LLC
TeleTech Government Solutions, LLC
TeleTech International Holdings, Inc.
TeleTech Services Corporation
TeleTech South America Holdings, Inc.
TeleTech Stockton, LLC
T-TEC LABS, INC.
TTEC Nevada, Inc.
Customer Solutions Maritius
High Performance Healthcare, Ltd.
Sevtoy PTY Limited
TeleTech Asia Limited
TeleTech (Hong Kong) Limited
TeleTech Customer Care Management Philippines, Inc.
TeleTech Customer Management Pte. Ltd.
TeleTech Korea, Ltd.
TeleTech Limited New Zealand
TT Interaction Management SDN. BHD
Newgen Results Canada, Ltd.
Percepta, ULC
TeleTech Canada, Inc.
Contact Center Holdings, S.L.
GFD Belfast, Ltd.
Inversiones Caspio, S.L.
Percepta Germany GmbH
Percepta UK Limited
TeleTech (UK) lTD.
TeleTech Customer Care Management (Ireland) Limited
TeleTech Customer Services Spain S.A.
TeleTech Europe BV
TeleTech Germany GmbH
TeleTech International Pty Ltd.

TeleTech Spain Holdings, Sociedad Limitada
TT International C.V.
ZigZag 2000, S.L.
Apoyo Empresarial de Servicios, S. de R.L. de C.V.
Comlink, S.A.
Connect, S.A.
Proyectar-Connect S.A.
Servicios y Administraciones de Bajio S. de R.L. de C.V.
TeleTech Argentina S.A.
Teletech Brasil Servicios De Informatica Ltda
TeleTech Brasil, Ltda
TeleTech Mexico, S.A. de C.V.
TeleTech Venezuela, C.A.

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement File Nos. 333-17569, 333-60001, 333-64575, 333-78477, 333-82405, 333-47142, 333-48190, 333-51550, 333-52352 of our report dated February 12, 2004, with respect to the consolidated financial statements of TeleTech Holdings, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ ERNST & YOUNG LLP

Denver, Colorado
March 5, 2004

QuickLinks

Exhibit 23.1

Exhibit 23.2

INFORMATION REGARDING CONSENT OF ARTHUR ANDERSEN LLP

Section 11(a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if part of a registration statement at the time it becomes effective contains an untrue statement of material fact, or omits a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is provided that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, an accountant who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement.

On May 10, 2002, Arthur Andersen LLP ("Andersen") was dismissed as the Company's independent accountant effective upon completion of its review of the Company's financial statements for the quarter ended March 31, 2002. For additional information, see the Company's Current Report on Form 8-K dated May 16, 2002. Representatives of Andersen are not available to provide Andersen's written consent to the incorporation by reference into the Company's effective registration statements (the "Registration Statements") of Andersen's audit report with respect to the Company's consolidated financial statements as of December 31, 2001 and for each of the three years then ended. Under these circumstances, Rule 437a under the Securities Act permits the Company to file this Annual Report on Form 10-K, which is incorporated by reference into the Registration Statements, without a written consent from Andersen. As a result, with respect to transactions in the Company's securities pursuant to the Registration Statements that occur subsequent to the date this Annual Report on Form 10-K is filed with the Securities and Exchange Commission, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act.

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Exhibit 23.2

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Exhibit 31.1

CERTIFICATIONS

I, Kenneth D. Tuchman, Chairman and Chief Executive Officer of TeleTech Holdings, Inc., certify that:

1. I have reviewed this annual report on Form 10-K 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(s) 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 we have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designated 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 registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent function):

    a) All significant deficiencies and material weakness in the design or operation of internal control 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 control over financial reporting.

Date: March 8, 2004

By: /s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
Chairman and Chief Executive Officer
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATIONS

I, Dennis J. Lacey, Chief Financial Officer of TeleTech Holdings, Inc., certify that:

1. I have reviewed this annual report on Form 10-K 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(s) 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 we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designated 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 registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent function):

   a) All significant deficiencies and material weakness in the design or operation of internal control 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 control over financial reporting.

Date: March 8, 2004

By: /s/ DENNIS J. LACEY

Dennis J. Lacey
Chief Financial Officer
(Principal Financial and Accounting Officer)

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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 (18 U.S.C. Section 1350)

The undersigned, the Chief Executive Officer and the Chief Financial Officer of TeleTech Holdings, Inc. (the "Company"), each hereby certifies that, to his/her knowledge on the date hereof:

(a) the Annual Report on Form 10-K of the Company for the year ended December 31, 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 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
Chief Executive Officer
March 8, 2004

/s/ DENNIS J. LACEY

Dennis J. Lacey
Chief Financial Officer
March 8, 2004

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