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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: August 31, 2000
(Date of earliest event reported)

TeleTech Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	0-21055	84-1291044
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1700 Lincoln Street, Suite 1400, Denver, Colorado 80203
(Address of principal executive offices, including Zip Code)

Telephone Number (303) 894-4000
(Registrant's telephone number, including area code)

Item 5. Other Events

On August 31, 2000, TeleTech Holdings, Inc. (the "Company"), 3i Group PLC,3i Europartners II LP, Milletti, S.L., and Albert Olle Bartolome entered into a Share Purchase Agreement whereby the Company acquired all of the issued share capital of Contact Center Holdings,S.L. The Company accounted for this business combination as a pooling of interests. The Company hereby files the Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operation and Supplemental Consolidated Financial Statements, which give effect to the transaction and restate the accounts of the Company to give effect to the pooling of interests. For a complete understanding of the Company's results presented herein, refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, and to the Forms 10-Q for fiscal year 2000 already on record for the periods ended March 31, 2000 and June 30, 2000.

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 Form 8-K. The following data for the five years ended December 31, 1999 has been derived from audited financial statements. The data for the six months ended June 30, 1999 and 2000 has been derived from unaudited financial statements that reflect, in the opinion of the Company, all adjustments, which include only normal recurring adjustments, necessary for a fair presentation of the financial data for such periods.

	Six months ended June 30,		Year ended December 31,				
	2000	1999	1999	1998	1997	1996	1995
	(Amounts in thousands, except per share data)						
CONSOLIDATED STATEMENT OF INCOME DATA:							
Operating Revenue	$ 369,854	$ 248,877	$ 549,076	$ 384,771	$ 284,683	$ 171,265	$ 54,933
Total operating expenses	335,027	228,859	503,119	351,257	251,256	147,646	50,171
Income from operations	34,827	20,018	45,957	33,514	33,427	23,619	4,762
Other income (expenses)	11,310	188	6,835	137	2,299	18	2,468
Income before income taxes and minority interest	46,137	20,206	52,792	33,651	35,726	23,637	7,230
Provision for income taxes	17,567	8,009	20,847	13,344	14,206	9,773	2,992
Income before minority interest	28,570	12,197	31,945	20,307	21,520	13,864	4,238
Minority interest	(399)	--	--	--	--	--	--
Net Income	$ 28,171	$ 12,197	$ 31,945	$ 20,307	$ 21,520	$ 13,864	$ 4,238
Net Income per common share							
Basic	$ 0.43	$ 0.19	$ 0.50	$ 0.32	$ 0.35	$ 0.25	$ 0.08
Diluted	$ 0.40	$ 0.19	$ 0.48	$ 0.31	$ 0.33	$ 0.24	$ 0.08

	June 30,	December 31,				
	2000	1999	1998	1997	1996	1995
	(Amounts in thousands, except per share data)					
BALANCE SHEET DATA:						
Working capital	$162,945	$ 85,570	$ 65,579	$ 82,154	$ 88,511	$ 11,305
Total assets	465,864	311,484	238,957	194,947	147,011	30,583
Long-term debt	47,684	26,179	6,786	10,566	10,144	3,590
Redeemable preferred stock	--	--	--	--	--	12,867
Total stockholder's equity	296,539	210,798	169,064	139,401	108,530	4,068

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

RESULTS OF OPERATIONS

The following table sets forth certain income statement data as a percentage of revenues:

	1997	1998	1999
Revenues	100.0%	100.0%	100.0%
Costs of services	64.1	65.9	67.8
SG&A expenses	24.1	25.4	23.8
Income from operations	11.7	8.7	8.4
Other income	0.8	--	1.2
Provision for income taxes	5.0	3.5	3.8
Net income	7.6	5.3	5.8

1999 COMPARED TO 1998

REVENUES. Revenues increased $164.3 million, or 42.7%, to $549.1 million in 1999 from $384.8 million in 1998. The revenue increase resulted from $22.3 million in revenues from new clients and $142.0 million in increased revenues from existing clients. These increases were offset in part by contract expirations and other client reductions. On a segment basis, outsourced revenue increased 49.3% to $299.4 million in 1999 from $200.5 million in 1998. The increase resulted from $22.3 million in revenues from new clients and $111.9 million in increased revenues from existing clients offset in part by contract expirations and other client reductions. Revenues for 1999 include approximately $94.5 million from facilities management contracts, an increase of 10.2%, as compared with $85.7 million during 1998, resulting from increased number of customer interactions. International outsourced revenues increased 49.7% to $134.4 million in 1999 from $89.8 million in 1998. The increase in international outsourced revenues resulting from the 1999 Argentina acquisitions of Smart Call, S.A. and Connect, S.A. was $6.6 million. The remaining increase resulted primarily from continued expansion in the Company's Mexican and Australian operations. These increases were offset by reductions in revenue in the Company's Canadian operations resulting from the expiration of a client contract. Revenues from corporate activities consist of consulting services, automated customer support, database management, systems integration, Web-based applications and distance-based learning and education. These revenues totaled $20.8 million in 1999, an increase of $12.0 million from $8.8 million in 1998. Approximately $8.4 million of this increase resulted from the Cygnus acquisition in December 1998 and the Pamet acquisition in 1999.

COSTS OF SERVICES. Costs of services increased $118.8 million, or 46.9%, to $372.2 million in 1999 from $253.4 million in 1998. Costs of services as a percentage of revenues increased from 65.9% in 1998 to 67.8% in 1999. This increase in costs of services as a percentage of revenues is primarily the result of reduced margins in two of the Company's facilities management contracts in 1999 and gross margin being favorably impacted by a non-recurring technology sale in 1998. These factors more than offset the costs of services benefit resulting from the decline in the percentage of revenues generated from facilities management programs.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased $33.1 million, or 33.8%, to $130.9 million in 1999, from $97.8 million in 1998 primarily resulting from the Company's increased number of customer interaction centers, global expansion and increased investment in technology. SG&A expenses as a percentage of revenues decreased from 25.4% in 1998 to 23.8% in 1999. This decrease is driven by an increase in revenues as a result of improvements in capacity utilization in the second half of 1999 in the Company's outsourced domestic and international customer interaction centers.

INCOME FROM OPERATIONS. As a result of the foregoing factors, income from operations increased $12.4 million, or 37.1%, to $45.9 million in 1999 from $33.5 million in 1998. Income from operations as a percentage of revenues decreased to 8.4% in 1999 from 8.7% in 1998.

OTHER INCOME (EXPENSE). Other income increased $6.7 million to $6.8 million in 1999 compared to $137,000 in 1998. Included in other income in 1999 is a $6.7 million gain on the settlement of a long-term contract which was terminated by a client in 1996. Included in other income (expense) in 1998 is $1.3 million in business combination expenses relating to the business combinations accounted for under the pooling of interests method. Interest expense increased $1.1 million to $2.5 million in 1999 compared to $1.4 million in 1998. This increase is primarily the result of increased borrowings. Interest income decreased $702,000 to $2.4 million in 1999 compared to $3.1 million in 1998. This decrease is the result of the decrease in short-term investments during 1999.

INCOME TAXES. The Company's effective tax rate was 39.5% in 1999 and 39.8% in 1998. It is anticipated that the effective rate will decrease slightly in 2000, resulting from the Company's increased state tax incentives.

NET INCOME. As a result of the foregoing factors, net income increased $11.6 million, or 57.3%, to $31.9 million in 1999 from $20.3 million in 1998. Diluted earnings per share increased from 31 cents to 48 cents. Excluding the one-time business combination expenses in 1998 and the one-time gain in 1999 from the long-term contract settlement, net income in 1999 would have been $27.9 million, compared with net income in 1998 of $21.1 million, an increase of 32.2%. Diluted earnings per share excluding these one-time items would have been 42 cents in 1999 compared to 32 cents in 1998.

1998 COMPARED TO 1997

REVENUES. Revenues increased $100.1 million, or 35%, to $384.8 million in 1998 from $284.7 million in 1997. The increase resulted from $56.0 million in revenues from new clients and $81.0 million in increased revenues from existing clients. These increases were offset in part by contract expirations and other client reductions. Client reductions reflect a $35.6 million decline in 1998 revenue from two significant clients. Revenues for 1998 include a $5.0 million sale of technology consulting and call center technology products to an existing client for use in its internal call centers. The Company has not historically sold its technology or significant levels of consulting services as a separate product and only provided such services to clients as part of a long-term outsourcing agreement. Revenues for 1998 include approximately $85.7 million from facilities management contracts as compared with $84.0 million during 1997. Total international revenues represent 23.3% of consolidated revenues during 1998 as compared with 19.6% during 1997.

COSTS OF SERVICES. Costs of services increased $70.9 million, or 38.9%, to $253.4 million in 1998 from $182.5 million in 1997. Costs of services as a percentage of revenues increased from 64.1% in 1997 to 65.9% in 1998. This increase in costs of services as a percentage of revenues is primarily the result of reduced volumes in one of the Company's facilities management contracts. This reduced volume resulted in excess capacity in three customer interaction centers managed by the Company and reduced gross margins on the client program. This resulted in a $4.5 million decrease in operating income from the Company's facilities management business. The increase in costs of services as a percent of revenues relating to this was partially offset by the favorable impact of the technology sale discussed earlier. This sale had significantly lower costs of services as a percentage of revenues when compared with the Company's recurring revenues from outsourcing.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased $29.1 million, or 42.3% to $97.8 million in 1998, from $68.7 million in 1997 resulting from the Company's increased number of customer interaction centers, global expansion and increased investment in technology. SG&A expenses as a percentage of revenues increased from 24.1% in 1997 to 25.4% in 1998. This increase is the result of excess capacity in several of the Company's outsourced domestic and international customer interaction centers discussed earlier.

INCOME FROM OPERATIONS. As a result of the foregoing factors, income from operations increased $87,000 , or .3%, to $33.5 million in 1998 from $33.4 million in 1997. Income from operations as a percentage of revenues decreased from 11.7% in 1997 to 8.7% in 1998. Operating income as a percentage of revenues in 1998 has been favorably impacted by approximately 700 basis points resulting from the technology sale discussed earlier. Operating income as a percentage of revenues is not anticipated to significantly improve until the Company increases capacity utilization.

OTHER INCOME (EXPENSE). Other income decreased $2.2 million to $137,000 in 1998 compared to $2.3 million in 1997. Included in other income (expense) in 1998 is $1.3 million in business combination expenses relating to the business combinations accounted for under the pooling of interests method. Interest expense increased $280,000 to $1.4 million in 1998 compared to $1.2 million in 1997. This increase is primarily the result of increased borrowings in the Company's international locations offset by debt reductions in the United States. Interest income decreased $330,000 to $3.1 million in 1998 compared to $3.4 million in 1997. This decrease is the result of the decrease in short-term investments during 1998.

INCOME TAXES. The Company's effective tax rate was 39.8% in 1997 and 1998. This resulted from a slight increase in the effective rate due primarily to higher taxes on the Company's operations in Canada offset by increases in state income tax credits received from certain states for employment incentives. It is anticipated that the effective rate will increase slightly in 1999 as a result of the Company's increased international operations.

NET INCOME. As a result of the foregoing factors, net income decreased $1.2 million, or 5.6%, to $20.3 million in 1998 from $21.5 million in 1997. Diluted earnings per share decreased from 33 cents to 31 cents. Excluding the one-time business combination expenses, net income in 1998 would have been $21.1 million, representing a $400,000 decrease from 1997, and diluted earnings per share would have been 32 cents.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities was $54.5 million in 1999 as compared to $25.0 million in 1998. Cash provided by operating activities consists of $61.2 million of total net income before depreciation and amortization, bad debt, deferred income taxes and loss on disposal of assets offset in part by $6.7 million of changes in working capital.

The amount of cash used by the Company in investing activities was $70.7 million in 1999. During 1999, the Company's capital expenditures (exclusive of $2.2 million in assets acquired under capital leases) were $57.0 million, and the Company used $6.5 million in cash for the Pamet, Smart Call and Connect acquisitions. The Company also invested $2.5 million in a customer relationship management software company. These expenditures were offset in part by the reduction of $4.5 million in short-term investments. Cash used in investing activities was $19.9 million for 1998, resulting primarily from $38.5 million in capital expenditures, $2.3 million for acquisitions and $10.9 million for contract acquisition costs offset by reductions in the Company's short-term investments.

Historically, capital expenditures have been, and future capital expenditures are anticipated to be, primarily for the development of customer interaction centers, as well as expansion of the Company's customer management consulting, technology deployment and systems integration, Web-based education platforms, Internet customer relationship management and customer-centric marketing solutions. The Company currently expects total capital expenditures in 2000 to be approximately $60 million to $80 million, excluding any capital expenditures for the joint venture with Ford Motor Company (Ford), which the Company anticipates to be $10 million to $15 million in 2000. The Company expects its capital expenditures will be used primarily to open up five or six new shared customer interaction centers during 2000. Such expenditures will be financed with internally generated funds, stock option exercises and the related tax benefit, existing cash balances and additional borrowings. The level of capital expenditures incurred in 2000 will be dependent upon new client contracts obtained by the Company and the corresponding need for additional capacity. In addition, if the Company's future growth is generated through facilities management contracts, the anticipated level of capital expenditures could be reduced significantly.

Cash provided by financing activities in 1999 was $23.5 million. This primarily resulted from an increase in borrowings against the revolving line of credit and long-term notes payable offset by capital lease and long-term debt payments. Additional proceeds from financing activities were generated by the exercise of stock options and the related tax benefit. In 1998, cash used in financing activities of $2.9 million resulted from payments under capital lease obligations and long-term debt offset by the exercise of stock options and the related tax benefit.

In November 1998, the Company obtained a three-year, $50 million, unsecured revolving line of credit with a syndicate of five banks. The Company also has the option to secure at any time up to $25 million of the line with available cash investments. The Company has two interest rate options: an offshore rate option or a bank base rate option. The Company will pay interest at a spread of 50 to 150 basis points over the applicable offshore or bank base rate, depending upon the Company's leverage. Interest on the secured portion is based on the applicable rate plus 22.5 basis points. The Company had $18 million in borrowings under the line of credit at December 31, 1999. The Company recently expanded its credit facility to $75 million.

The Company believes that existing cash and short-term investments together with stock option exercises and the related tax benefit and available borrowings under its line of credit will be sufficient to finance the Company's current operations, planned capital expenditures and anticipated growth through 2001. However, if the Company were to make any significant acquisitions for cash, it may be necessary for the Company to obtain additional debt or equity financing. From time to time, the Company engages in discussions regarding restructuring, dispositions, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000 AND 1999

SIX MONTH PERIOD ENDED JUNE 30, 2000 COMPARED TO JUNE 30, 1999

Revenues increased $121 million or 48.6% to $369.9 million for the six months ended June 30, 2000 from $248.9 million for the six months ended June 30, 1999. Outsourced revenues increased $46.0 million, resulting from $16 million in new customers and $30 million in increased revenues from existing clients. Revenues for the six months ended June 30, 2000 include approximately $55.2 million from facilities management contracts as compared with $40.7 million for the six months ended June 30, 1999. This increase is a result of significantly increased call volumes from one of the Company's facility management clients. International outsourced revenues increased $67.2 million. This is due to significant increases in Canada as a result of the commencement of operations of Percepta and an increasing number of United States clients utilizing the company's Canadian locations. In addition, revenues in Latin America grew by $21.3 million as a result of acquisitions in the 1st and 4th quarter of 1999, and increased capacity utilization.

Costs of services increased $79.8 million, or 48%, to $246 million for the six months ended June 30, 2000 from $166.2 million for the six months ended June 30, 1999. Costs of services as a percentage of revenues decreased from 66.8% for the six months ended June 30, 1999 to 66.5% for the six months ended June 30, 2000. The decrease in the costs of services as a percentage of revenues is a result of increased capacity utilization in several of the Company's domestic and foreign customer interaction centers.

Selling, general and administrative expenses increased $26.4 million, or 42.2% to $89.0 million for the six months ended June 30, 2000 from $62.6 million for the six months ended June 30, 1999. Selling, general and administrative expenses as a percentage of revenues decreased from 25.2% for the six months ended June 30, 1999 to 24.1% for the six months ended June 30, 2000 primarily as a result of increased capacity utilization in the Company's customer interaction centers.

As a result of the foregoing factors, income from operations increased $14.8 million or 74%, to $34.8 million for the six months ended June 30, 2000 from $20.0 million for the six months ended June 30, 1999. Operating income as a percentage of revenues increased from 8.0% for the six months ended June 30, 1999 to 9.4% for the six months ended June 30, 2000.

Other income totaled $11.3 million for the six months ended June 30, 2000 compared with other income of $188,000 during the six months ended June 30, 1999. This is primarily related to a one-time gain of $12.8 million on the sale of securities offset by increased interest expense of $1.0 million resulting from the increased levels in borrowings on the line of credit from $22.0 million at June 30, 1999 (of which the entire amount was not outstanding during the period) to $43.0 million at June 30, 2000. In addition, the Company incurred a loss of $660,000 resulting from litigation with an equipment supplier concerning cancellation of a contract.

As a result of the foregoing factors, net income increased $16.0 or 131%, to $28.2 million for the six months ended June 30, 2000 from $12.2 million for the six months ended June 30, 1999.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2000 the Company had cash and cash equivalents of $6.4 million, short-term investments of $47.4 million and an investment in common stock of $70.8 million. Cash used by operating activities was $5.1 million for the six months ended June 30, 2000, which primarily resulted from increased accounts receivable due to unscheduled early payments in 1999 totaling approximately $15.0 million the Company was expecting to receive in January 2000. This helped the Company achieve cash flow from operations of $14.0 million in the fourth quarter of 1999.

Cash used in investing activities was $42.2 million for the six months ended June 30, 2000 resulting primarily from $8.9 million decrease in short-term investments, $5.1 million in capital contribution from a minority interest partner offset by $46.3 million toward the purchase of property and equipment and $8.0 million towards an investment in a customer relationship management software company.

Cash provided by financing activities was $39.0 million resulting from the increase in borrowings of $27.0 million and $13.5 million from stock option exercises and their related tax benefit offset in part by pay downs of capital leases and other debt.

During the first quarter of 2000, the Company completed an amendment to its unsecured revolving line of credit with a syndicate of four banks. The amendment increased the line of credit to $75.0 million from $50.0 million. The Company has the option to secure at any time up to $25.0 million of the line with available cash investments. The Company has two interest rate options: an offshore rate option or a bank base rate option. The Company will pay interest at a spread of 50 to 150 basis points over the applicable offshore or bank base rate, depending upon the Company's leverage. Interest on the secured portion is based on the applicable rate plus 22.5 basis points. Borrowings under this agreement totaled $43.0 million at June 30, 2000 of which $20.0 million was secured at the Company's option with temporary short term investments disclosed on the balance sheet. Interest rates under these borrowings ranged from 6.7% to 9.5% at June 30, 2000. Under this line of credit, the Company has agreed to maintain certain financial ratios and capital expenditure limits.

The Company currently expects total capital expenditures in 2000 to be approximately $80 to $90 million of which $45.8 million was expended in the first six months. The Company believes that existing cash on hand and available borrowings under the line of credit together with cash from operations and proceeds from the sale of E.piphany common stock will be sufficient to finance the Company's operations, planned capital expenditures and anticipated growth through 2000.

FORWARD LOOKING STATEMENTS

All statements not based on historical fact are forward-looking statements that involve substantial risks and uncertainties. In accordance with the Private Securities Litigation Reform Act of 1995, following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward-looking statements: lower than anticipated customer interaction center capacity utilization; the loss or delay in implementation of a customer management program; the Company's ability to build-out facilities in a timely and economic manner; greater than anticipated competition from new entrants into the customer care market, causing increased price competition or loss of clients; the loss of one or more significant clients; higher than anticipated start-up costs associated with new business opportunities; the Company's ability to predict the potential volume or profitability of any future technology or consulting sales; the Company's agreements with clients may be canceled on relatively short notice; and the Company's ability to generate a specific level of revenue is dependent upon customer interest in and use of the Company's clients' products and services. Readers are encouraged to review the Company's 1999 Annual Report on Form 10-K, Quarterly Reports on

Form 10-Q for the first and second quarters of 2000, which describe other important factors that may impact the Company's business, results of operations and financial condition. However, these factors should not be construed as an exhaustive list. The Company cannot always predict which factors could cause actual results to differ materially from those in its forward-looking statements. In light of these risks and uncertainties the forward-looking statements might not occur. The Company assumes no obligation to update its forward-looking statements to reflect actual results or changes in factors affecting such forward-looking statements.

INDEX TO FINANCIAL STATEMENTS
TELETECH HOLDINGS, INC.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To TeleTech Holdings, Inc.:

We have audited the accompanying supplemental consolidated balance sheets of TELETECH HOLDINGS, INC. (a Delaware corporation) and subsidiaries as of December 31, 1998 and 1999, and the related supplemental consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1999. The supplemental consolidated statements give retroactive effect to the acquisition of all of the issued share capital of Contact Center Holdings, S.L. on August 31, 2000, which has been accounted for as a pooling of interest, as described in Note 16. These supplemental financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these supplemental 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 supplemental 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, 1998 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, after giving retroactive effect to the acquisition of all of the issued share capital of Contact Center Holdings, S.L., as described in Note 16, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Denver, Colorado
February 14, 2000 (except for the matters discussed in Note 16, as to which the date is August 31, 2000).

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

	December 31, 1998	December 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,466	$ 16,227
Short-term investments	37,107	41,621
Accounts receivable, net of allowance for doubtful accounts of $2,900 and $3,923, respectively	74,612	91,979
Prepaids and other assets	2,811	5,361
Deferred tax asset	3,855	4,889
Total current assets	127,851	160,077
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $38,998 and $65,985, respectively	78,987	111,644
OTHER ASSETS:		
Long-term accounts receivable	4,274	3,930
Goodwill, net of accumulated amortization of $1,599 and $3,103, respectively	15,022	20,633
Contract acquisition cost, net of accumulated amortization of zero and $1,614, respectively	10,900	9,286
Deferred tax asset	--	550
Other assets	1,923	5,364
Total assets	$ 238,957	$ 311,484
LIABILITIES AND STOCKHOLDER' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and capital lease obligations	$ 8,363	$ 5,783
Bank overdraft	778	1,323
Accounts payable	12,659	12,426
Accrued employee compensation	18,834	28,319
Accrued income taxes	6,093	4,397
Other accrued expenses	11,742	17,749
Customer advances, deposits and deferred income	3,803	4,510
Total current liabilities	62,272	74,507
DEFERRED TAX LIABILITIES	835	--
LONG-TERM DEBT, net of current portion:		
Capital lease obligations	4,274	2,530
Revolving line-of-credit	--	18,000
Other debt	2,512	5,649
Total liabilities	69,893	100,686
COMMITMENTS AND CONTINGENCIES (Note 8)		
STOCKHOLDERS' EQUITY:		
Common stock; $.01 par value; 150,000,000 shares authorized; 64,033,724 and 65,087,645 shares, respectively, issued; and outstanding	639	650
Additional paid-in capital	112,108	122,088
Accumulated other comprehensive loss	(1,200)	(1,402)
Retained earnings	57,517	89,462
Total stockholders' equity	169,064	210,798
Total liabilities and stockholders' equity	$ 238,957	$ 311,484

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPPLEMANTAL CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	1997	1998	1999
REVENUES	$ 284,683	$ 384,771	$ 549,076
OPERATING EXPENSES:			
Costs of services	182,509	253,427	372,182
Selling, general and administrative expenses	68,747	97,830	130,937
Total operating expenses	251,256	351,257	503,119
INCOME FROM OPERATIONS	33,427	33,514	45,957
OTHER INCOME (EXPENSE):			
Interest expense	(1,166)	(1,446)	(2,509)
Interest income	3,404	3,074	2,372
Equity in income of affiliate	302	70	--
Business combination expenses	--	(1,321)	--
Gain on settlement of long-term contract	--	--	6,726
Other	(241)	(240)	246
	2,299	137	6,835
INCOME BEFORE INCOME TAXES	35,726	33,651	52,792
Provision for income taxes	14,206	13,344	20,847
NET INCOME	$ 21,520	$ 20,307	$ 31,945
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	61,699	63,214	64,447
Diluted	64,910	65,316	66,670
NET INCOME PER SHARE			
Basic	$ .35	$ .32	$ .50
Diluted	$ .33	$ .31	$ .48

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999
(AMOUNTS IN THOUSANDS)

	Treasury Stock Shares	Treasury Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Unearned Compensation-Restricted Stock	Retained Earnings
BALANCES, December 31, 1996	99	$ (988)	60,420	$ 604	$ 94,032	$ 98	$ (254)	$ 15,853
Employee stock purchase plan			28		440			
Acquisition of TMI			100	1	1,797			
Translation adjustments						(872)		
Compensation expense on restricted stock							127	
Exercise of stock options			470	5	5,072			
Issuance of common stock			1,508	15	2,648			
Net income								21,520
Comprehensive income								
Distribution to stockholder								(697)
BALANCES, December 31, 1997	99	(988)	62,526	625	103,989	(774)	(127)	36,676
Employee stock purchase plan			28		334			
Acquisition of Intellisystems	(99)	988	245	2	2,089			
Acquisition of Cygnus			325	3	2,658			
Combination with Outsource			606	6				804
Translation adjustments						(426)		
Brokerage fee on EDM combination			42		485			
Year-end change for EDM								(270)
Exercise of stock options			249	3	1,457			
Other stock issuances			13		1,096			
Compensation expense on restricted stock							127	
Net income								20,307
Comprehensive income								
BALANCES, December 31, 1998	--	--	64,034	639	112,108	(1,200)	--	57,517
Employee stock purchase plan					131			
Acquisition of Pamet			286	3	1,750			
Translation adjustments						(202)		
Exercise of stock options			767	8	8,099			
Net income								31,945
Comprehensive income								
BALANCES, December 31, 1999	--	$ --	65,087	$ 650	$ 122,088	$ (1,402)	$ --	$ 89,462

	Comprehensive Income	Total Stockholders' Equity
BALANCES, December 31, 1996	--	$ 109,345
Employee stock purchase plan		440
Acquisition of TMI		1,798
Translation adjustments	(872)	(872)
Compensation expense on restricted stock		127
Exercise of stock options		5,077
Issuance of common stock		2,663
Net income	21,520	21,520
Comprehensive income	$ 20,648	--
Distribution to stockholder		(697)
BALANCES, December 31, 1997	--	139,401
Employee stock purchase plan		334
Acquisition of Intellisystems		3,079
Acquisition of Cygnus		2,661
Combination with Outsource		810
Translation adjustments	(426)	(426)
Brokerage fee on EDM combination		485
Year-end change for EDM		(270)
Exercise of stock options		1,460
Other stock issuances		1,096
Compensation expense on		

restricted stock		127
Net income	20,307	20,307
Comprehensive income	$ 19,881	--
BALANCES, December 31, 1998	--	169,064
Employee stock purchase plan		131
Acquisition of Pamet		1,753
Translation adjustments	(202)	(202)
Exercise of stock options		8,107
Net income	31,945	31,945
Comprehensive income	$ 31,743	
BALANCES, December 31, 1999		$ 210,798

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999
(AMOUNTS IN THOUSANDS)

	1997	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 21,520	$ 20,307	$ 31,945
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,435	19,563	30,501
Allowance for doubtful accounts	865	705	904
Deferred income taxes	(1,169)	(1,235)	(2,620)
Equity in income of affiliate	(302)	(70)	--
Deferred compensation expense	127	127	--
Business combination expenses paid in stock	--	485	--
Loss on Disposal of assets	--	--	509
Changes in assets and liabilities:			
Accounts receivable	(15,564)	(29,277)	(16,081)
Prepaids and other assets	(314)	(199)	(639)
Accounts payable and accrued expenses	12,065	12,565	10,310
Customer advances, deposits and deferred income	455	2,030	(281)
Net cash provided by operating activities	$ 29,118	$ 25,001	$ 54,548
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	$(34,910)	$(38,495)	$(57,024)
Acquisitions, net of cash acquired	(2,440)	(2,308)	(9,048)
Contract acquisition costs	--	(10,900)	--
Proceeds from sale of interest in Access 24 UK Limited	--	981	--
Temporary deposit	3,000	--	--
Changes in accounts payable and accrued liabilities related to investing activities	(190)	(1,762)	(112)
Decrease (increase) in short-term investments	2,841	32,527	(4,517)
Net cash used in investing activities	$(31,699)	$(19,957)	$(70,701)

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999
(AMOUNTS IN THOUSANDS)

	1997	1998	1999
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in bank overdraft	$ 745	$ (316)	$ 545
Net increase (decrease) in short-term borrowings	453	(170)	(1,287)
Proceeds from line-of-credit	--	--	18,000
Payments on long-term debt	(216)	(1,126)	(1,692)
Proceeds from long-term debt borrowings	593	3,227	5,000
Payments under capital lease obligations	(4,933)	(7,466)	(5,176)
Proceeds from common stock issuances	3,240	1,514	--
Proceeds from exercise of stock options	1,917	1,008	5,184
Tax benefit from stock option exercises	3,160	452	2,923
Payments under subordinated notes payable to stockholder	29	--	--
Distributions to stockholder	(678)	--	--
Net cash provided by (used in) financing activities	4,310	(2,877)	23,497
Effect of exchange rate changes on cash	87	(178)	(583)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,816	1,989	6,761
CASH AND CASH EQUIVALENTS, beginning of period	5,661	7,477	9,466
CASH AND CASH EQUIVALENTS, end of period	$ 7,477	$ 9,466	$ 16,227
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 1,296	$ 1,445	$ 2,509
Cash paid for income taxes	$ 12,272	$ 11,202	$ 23,516
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Assets acquired through capital leases	$ 5,229	$ 3,445	$ 2,226
Stock issued in purchase of TMI	$ 1,798	$ --	$ --
Stock issued in purchase of Intellisystems	$ --	$ 3,079	$ --
Stock issued in pooling of EDM (brokerage fee)	$ --	$ 485	$ --
Stock issued in purchase of Cygnus	$ --	$ 2,661	$ --
Stock issued in purchase of Pamet	$ --	$ --	$ 1,753

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1998, AND 1999

TeleTech Holdings, Inc. (THI or the Company) is a provider of outsourced customer management solutions for large and multinational companies in the United States, Australia, Brazil, Canada, Mexico, New Zealand, Singapore and the United Kingdom. Customer management encompasses a wide range of customer acquisition, retention and satisfaction programs designed to maximize the lifetime value of the relationship between the Company's clients and their customers.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The supplemental consolidated financial statements are composed of the accounts of THI and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

As more fully discussed in Note 16, during August 2000, the Company entered into a business combination with Contact Center Holdings, S.L. ("CCH"). The business combination has been accounted for as pooling of interest, and the historical consolidated financial statements of the Company for all years prior to the business combination have been restated in the accompanying consolidated financial statements to include the financial position, results of operations and cash flows of CCH.

The consolidated financial statements of the Company include reclassifications made to conform the financial statement presentation of CCH to that of the Company.

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, but is accumulated as a separate component of stockholders' equity. During 1998, the net effect of translation gains on the Company's Mexican subsidiary was included in determining net income, as Mexico was considered a highly inflationary economy. Foreign currency transaction gains and losses are included in determining net income. Such gains and losses were not material for any period presented. In 1999, the Mexican economy was no longer considered highly inflationary, and therefore translation gains and losses were included as a component of stockholders' equity.

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 estimated useful lives of the assets, as follows:

Buildings	27.5 years
Computer equipment and software ...	4-5 years
Telephone equipment	5-7 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 of four to seven years (or the estimated useful lives of the assets, of four to seven years, where title to the leased assets passes to the Company upon termination of the lease).

REVENUE RECOGNITION

The Company recognizes revenues at the time services are performed. The Company has certain contracts that are billed in advance. Accordingly, amounts billed but not earned under these contracts are excluded from revenues and included in deferred income.

The Company maintains ongoing training programs for its employees. The cost of this training is expensed as incurred. In addition, certain contracts require clients to reimburse the Company for specific training. These costs are billed to the clients as incurred.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations when incurred and are included in operating expenses. Research and development costs were not material for any period presented.

INTANGIBLE ASSETS

The excess of cost over the fair market value of tangible net assets and trademarks of acquired businesses is amortized on a straight-line basis over the periods of expected benefit of nine to 25 years. Amortization of goodwill for the years ended December 31, 1997, 1998 and 1999, was $349,000, $1,012,000 and $1,504,000, respectively.

Subsequent to an acquisition, the Company continually evaluates whether later events and circumstances have occurred that indicate the remaining estimated useful life of an intangible asset may warrant revision or that the remaining balance of an intangible asset may not be recoverable. When factors indicate that an intangible asset should be evaluated for possible impairment, the Company uses an estimate of the related business' undiscounted future cash flows over the remaining life of the asset in measuring whether the intangible asset is recoverable. Management does not believe that any provision for impairment of intangible assets is required.

CONTRACT ACQUISITION COSTS

Amounts paid to a client to obtain a long-term contract are being amortized on a straight-line basis over the term of the contract commencing with the date of the first revenues from the contract.

Amortization expense for the year ended December 31, 1999, was $1,614,000. There was no amortization expense during 1998.

INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards (SFAS) 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. Net deferred tax assets then may be reduced by a valuation allowance for amounts that do not satisfy the realization criteria of SFAS 109.

EARNINGS PER SHARE

Earnings per share are computed based upon the weighted average number of common shares and common share equivalents outstanding.

Basic earnings per share are computed by dividing reported earnings available to common stockholders by weighted average shares outstanding. No dilution for any potentially dilutive securities is included. Diluted earnings per share reflect the potential dilution assuming the issuance of common shares for all dilutive potential common shares outstanding during the period. The difference between diluted and basic shares outstanding relates to outstanding stock options.

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

For the purposes of the statement of cash flows, the Company considers all cash and investments with an original maturity of 90 days or less to be cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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.

SEGMENT REPORTING

In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS 131, "Disclosures About Segments of an Enterprise and Related Information," which establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires those enterprises report selected information about operating segments in interim financial reports issued to stockholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. SFAS 131 requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

LONG-LIVED ASSETS

Long-lived assets and certain identifiable intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired when future undiscounted cash flows are estimated to be insufficient to recover the carrying amount. If impaired, an asset is written down to its fair value.

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 $3.2 million and $2.9 million at December 31, 1998 and 1999, respectively.

EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS 133 may not be applied retroactively and must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997 (and, at the Company's election, before January 1, 1998). Management believes that the impact of SFAS 133 will not significantly affect its financial reporting.

In December 1999, the staff of the Securities and Exchange Commission issued its Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." SAB No. 101 provides guidance on the measurement and timing of revenue recognition in financial statements of public companies. Changes in accounting policies to apply the guidance of SAB No. 101 must be adopted by recording the cumulative effect of the change in the fiscal quarter ending March 31, 2000. The adoption of SAB No. 101 did not effect the Company's method of recognizing revenue.

(2) SEGMENT INFORMATION AND CUSTOMER CONCENTRATIONS

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

(Amounts in Thousands)	1997	1998	1999
REVENUES:			
Outsourced	$ 143,627	$ 200,514	$ 299,379
Facilities Management	84,033	85,694	94,461
International Outsourced	55,940	89,791	134,416
Corporate Activities	1,083	8,772	20,820
Total	$ 284,683	$ 384,771	$ 549,076
OPERATING INCOME (LOSS):			
Outsourced	$ 30,243	$ 41,495	$ 69,463
Facilities Management	16,159	11,648	6,849
International Outsourced	4,538	7,451	10,467
Corporate Activities	(17,513)	(27,080)	(40,822)
Total	$ 33,427	$ 33,514	$ 45,957
DEPRECIATION AND AMORTIZATION INCLUDED IN OPERATING INCOME:			
Outsourced	$ 7,463	$ 12,688	$ 16,514
Facilities Management	522	239	483
International Outsourced	3,206	5,324	7,861
Corporate Activities	244	1,312	5,643
Total	$ 11,435	$ 19,563	$ 30,501
ASSETS:			
Outsourced	$ 88,829	$ 101,105	$ 76,401
Facilities Management	6,759	18,121	11,290
International Outsourced	44,809	65,614	106,397
Corporate Activities	54,550	54,117	117,396
Total	$ 194,947	$ 238,957	$ 311,484
GOODWILL (INCLUDED IN TOTAL ASSETS):			
International Outsourced Goodwill, Net	$ 7,295	$ 6,803	$ 10,496
Corporate Activities Goodwill, Net	--	8,219	10,137
Total	$ 7,295	$ 15,022	$ 20,633

CAPITAL EXPENDITURES (INCLUDING CAPITAL LEASES):			
Outsourced	$ 22,337	$ 28,144	$ 23,562
Facilities Management	50	1,169	434
International Outsourced	16,070	5,580	21,344
Corporate Activities	1,682	7,047	16,520
Total	$ 40,139	$ 41,940	$ 61,860

The following geographic data includes revenues based on the location the services are provided and gross property and equipment based on the physical location (in thousands).

	1997	1998	1999
REVENUES:			
United States	$228,743	$281,077	$394,141
Australia	29,790	36,958	49,925
Canada	14,497	36,852	35,814
Rest of world	11,653	29,884	69,196
Total	$284,683	$384,771	$549,076
GROSS PROPERTY AND EQUIPMENT:			
United States	$ 54,912	$ 86,189	$125,969
Australia	10,622	11,956	16,684
Canada	4,790	5,645	8,943
Rest of world	6,271	14,195	26,033
Total	$ 76,595	$117,985	$177,629

The Company's revenues from major customers (revenues in excess of 10% of total sales) are from entities involved in the telecommunications and transportation industries. The revenues from such customers as a percentage of total revenues for each of the three years ended December 31 are as follows:

	1997	1998	1999
Customer A	18%	8%	7%
Customer B	23%	12%	9%
Customer C	15%	24%	25%
	56%	44%	41%

At December 31, 1999, accounts receivable from Customers A, B and C were $5.2 million, $4.7 million and $8.2 million, respectively. At December 31, 1998, accounts receivable from Customers A, B and C were $7.1 million, $7.3 million, and $13.4 million, respectively. There were no other customers with receivable balances in excess of 10% of consolidated accounts receivable. Customers A and C are included in the outsourced reporting segment. Customer B is included in the facilities management reporting segment.

The loss of one or more of its significant customers could have a materially adverse effect on the Company's business, operating results or financial condition. 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 directly impacted by economic conditions in the telecommunications, technology, transportation, healthcare, financial services and government services industries, management does not believe significant credit risk exists at December 31, 1999.

(3) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 1998 and 1999 (in thousands):

	1998	1999
Land	$ 64	$ 51
Buildings	258	202
Computer equipment and software	56,660	77,775
Telephone equipment	7,773	12,631
Furniture and fixtures	23,456	29,055
Leasehold improvements	29,280	56,264
Other	494	1,651
	117,985	177,629
Less accumulated depreciation	(38,998)	(65,985)
	$ 78,987	$ 111,644

Included in the cost of property and equipment is the following equipment obtained through capitalized leases as of December 31, 1998 and 1999 (in thousands):

	1998	1999
Computer equipment and software	$ 17,562	$ 16,895
Telephone equipment	1,906	1,615
Furniture and fixtures	8,071	2,470
	27,539	20,980
Less accumulated depreciation	(14,278)	(14,728)
	$ 13,261	$ 6,252

Depreciation expense was $10.4 million, $18.5 million and $27.4 million for the years ended December 31, 1997, 1998 and 1999, respectively. Depreciation expense related to leased equipment under capital leases was $4.7 million, $5.2 million and $5.0 million for the years ended December 31, 1997, 1998 and 1999, respectively.

(4) CAPITAL LEASE OBLIGATIONS

The Company has financed property and equipment under non-cancelable capital lease obligations. Accordingly, the fair value of the equipment has been capitalized and the related obligation recorded. The average implicit interest rate on these leases was 8.3% at December 31, 1999. Interest is charged to expense at a level rate applied to declining principal over the period of the obligation.

The future minimum lease payments under capitalized lease obligations as of December 31, 1999, are as follows (in thousands):

Year Ended December 31,	
2000	$ 4,002
2001	1,598
2002	496
	6,096
Less amount representing interest	(501)
	5,595
Less current portion	(3,065)
	$ 2,530

Interest expense on the outstanding obligations under such leases was $1,106,000, $1,015,000 and $818,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

(5) LONG-TERM DEBT

As of December 31, 1998 and 1999, long-term debt consisted of the following notes (in thousands):

	1998	1999
Note payable, interest at 8% per annum, principal and interest payable monthly, maturing May 2000	$ 58	$ --
Note payable, interest at 5% per annum, principal and interest payable quarterly, maturing December 1999	222	--
Note payable, interest at 8% per annum, principal and interest payable quarterly, maturing March 2001	1,673	1,090
Note payable, interest at 7% per annum, principal and interest payable quarterly, maturing December 1999	449	--
Note payable, interest at 8% per annum, principal and interest payable monthly, maturing January 2001	1,448	842

Note payable, interest at 5% per annum, principal and interest payable monthly, maturing November 2009	--	4,935
Note payable, interest at 7% per annum, principal and interest payable monthly, maturing July 2002	--	271
Note payable, interest at 7% per annum, principal and interest payable monthly, maturing May 2002	--	348
Other notes payable	1,000	881
	4,850	8,367
Less current portion	(2,338)	(2,718)
	$ 2,512	$ 5,649

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

Year Ended December 31,	
2000	$2,718
2001	1,197
2002	648
2003	529
2004	551
Thereafter	2,724
	$8,367

(6) REVOLVING LINE OF CREDIT

In November 1998, the Company entered into a three-year unsecured revolving line of credit agreement with a syndicate of five commercial banks under which it may borrow up to $50 million. Interest is payable at various interest rates. The borrowings can be made at (a) the bank's base rate or (b) the bank's offshore rate (approximating LIBOR) plus a margin ranging from 50 to 150 basis points depending upon the Company's leverage. In addition, the Company, at its option, can elect to secure up to $25 million of the line with existing cash investments. Advances under the secured portion will be made at a margin of 22.5 basis points. At December 31, 1999, there was $18 million outstanding under this agreement. At December 31, 1998, there were no amounts outstanding under this facility. The Company is required to comply with certain minimum financial ratios under covenants in connection with the agreement described above, the most restrictive of which requires the Company to maintain a fixed charge coverage ratio of 3 to 1. Under this agreement, the Company has voluntarily pledged $15 million of short-term investments at December 31, 1999, as collateral to reduce the interest rate on short-term borrowings. The Company may at its option, elect to unsecure the borrowings at any time. As of December 31, 1998 and 1999, the Company was in compliance with all covenants under the agreement.

The Company's Canadian subsidiary has available an operating loan of CDN$2.0 million, which is due on demand and bears interest at the bank's prime rate, which was 6.75% at December 31, 1998 and 1999. The operating loan is collateralized by a general security agreement, a partial assignment of accounts receivable insurance in the amount of CDN$500,000, a partial assignment of life insurance on the former majority shareholder in the amount of CDN$400,000 and an assignment of fire insurance. As of December 31, 1998 and 1999, there was $778,000 and $1,323,000, respectively, outstanding under this operating loan.

The Company's Spanish subsidiary has factoring lines of credit under which it may borrow up to ESP$700 million and ESP$1,600 million at December 31, 1998 and 1999, respectfully. As of December 31, 1998 and 1999, there was $298,000 and $2,755,000 outstanding under these factoring lines.

(7) INCOME TAXES

The components of income before income taxes are as follows (in thousands):

	1997	1998	1999
Domestic	$31,325	$23,518	$41,653
Foreign	4,401	10,133	11,139
Total	$35,726	$33,651	$52,792

The components of the provision for income taxes are as follows (in thousands):

	1997	1998	1999
Current provision:			
Federal	$ 11,116	$ 8,297	$ 14,776
State	2,490	1,865	3,359
Foreign	1,769	4,417	5,131
	15,375	14,579	23,266
Deferred provision:			
Federal	(1,036)	(834)	(1,724)
State	(190)	(195)	(303)
Foreign	57	(206)	(392)
	(1,169)	(1,235)	(2,419)
	$ 14,206	$ 13,344	$ 20,847

The following reconciles the Company's effective tax rate to the federal statutory rate for the years ended December 31, 1997, 1998 and 1999 (in thousands):

	1997	1998	1999
Income tax expense per federal statutory rate	$ 12,410	$ 11,152	$ 16,945
State income taxes, net of federal deduction	1,491	1,100	1,883
Permanent differences	(100)	(315)	150
Foreign income taxed at higher rate	405	1,407	1,869
	$ 14,206	$ 13,344	$ 20,847

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

	1998	1999
Deferred tax assets:		
Allowance for doubtful accounts	$ 1,024	$ 1,278
Vacation accrual	1,202	1,265
Compensation	954	1,025
Insurance reserves	644	796
State tax credits	--	502
Other	31	23
	3,855	4,889
Long-term deferred tax assets:		
Depreciation and amortization	--	550
Deferred tax liabilities:		
Depreciation and amortization	(835)	--
Net deferred income tax asset	$ 3,020	$ 5,439

A valuation allowance has not been recorded as the Company expects that all deferred tax assets will be realized in the future.

(8) COMMITMENTS AND CONTINGENCIES

LEASES. The Company has various operating leases for equipment, customer interaction centers and office space. Lease expense under operating leases was approximately $8,163,000, $12,336,000 and $15,368,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

The future minimum rental payments required under non-cancelable operating leases as of December 31, 1999, are as follows (in thousands):

Year ended December 31,

2000	$15,469
2001	12,833
2002	10,052
2003	8,908
2004	6,890
Thereafter	30,844
	$84,996

LEGAL PROCEEDINGS. In November 1996, the Company received notice that CompuServe Incorporated (CompuServe) was withdrawing its WOW! Internet service from the marketplace and that effective January 31, 1997, it would terminate all the programs provided to CompuServe by the Company. Pursuant to the terms of its agreement with the Company, CompuServe was entitled to terminate the agreement for reasonable business purposes upon 120 days advance notice and by payment of a termination fee calculated in accordance with the agreement. In December 1996, the Company filed suit against CompuServe to enforce these termination provisions and collect the termination fee. CompuServe filed a counterclaim in December 1996 alleging that the Company breached other provisions of this agreement and seeking unspecified monetary damages. In March 1997, CompuServe asserted a right to offset, against the amount that may be awarded to CompuServe on its counterclaim, if any, certain accounts receivable it owed to the Company for services rendered. These accounts receivable totaled $4.3 million.

In mid-1997, CompuServe announced it had agreed to sell its worldwide on-line services business to America Online, Inc. and its network services business to a wholly owned subsidiary of WorldCom, Inc. In July 1999, the Company reached a settlement with CompuServe and other parties whereby the Company would receive $12.0 million in final settlement, of which $5.5 million was received on August 10, 1999, and the remainder was paid in the fourth quarter of 1999. As a result, the Company recorded a gain of $6.7 million during 1999.

(9) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) profit-sharing plan that covers all employees who have completed one year 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 always 100% vested in their contributions. Participants are also eligible for a matching contribution by the Company of 50% of the first 5% of compensation a participant contributes to the plan. Participants vest in all matching contributions over a four-year period.

(10) STOCK COMPENSATION PLANS

The Company adopted a stock option plan during 1995 and amended and restated the plan in January 1996 for directors, officers, employees, consultants and independent contractors. The plan reserves 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 are to be granted at fair market value at the date of grant. Options vest as of the date of the option and are 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 423,000, 418,750 and 337,500 shares outstanding at December 31, 1999, 1998 and 1997, respectively.

In July 1996, the Company adopted an employee stock purchase plan (the ESPP). Pursuant to the ESPP, an aggregate of 200,000 shares of common stock of the Company will be sold in periodic offerings to eligible employees of the Company. The price per share purchased in any offering period is equal to the lesser of 90% 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. Contributions to the plan for the years ended December 31, 1997, 1998 and 1999 were $419,000, $334,000 and $279,000, 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) to induce employees of companies that are acquired by TeleTech to accept employment with TeleTech following such an acquisition. The 1999 Option Plan supplements the TeleTech Holdings, Inc. Stock Plan, as amended and restated, which was adopted by the Company in January 1995.

An aggregate of 5.0 million shares of common stock have been reserved for issuance under the 1999 Option Plan and permits the award of incentive stock options, non-qualified stock options and shares of restricted common stock. The 1999 Option Plan also authorizes the award of phantom stock and appreciation rights (SARs).

STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 123 (SFAS 123). The FASB's SFAS 123, "Accounting for Stock Based Compensation," defines a fair value based method of accounting for an employee stock option, employee stock purchase plan or similar equity instrument and encourages all entities to adopt that method of accounting for all of their employee stock compensation plans. However, it also allows an entity to continue to measure compensation cost for those plans using the method of accounting prescribed by the Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." Entities electing to remain with the accounting in APB 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting defined in SFAS 123 has been applied.

The Company has elected to account for its stock-based compensation plans under APB 25; however, the Company has computed, for pro forma disclosure purposes, the value of all options granted using the Black-Scholes option pricing model as prescribed by SFAS 123 and the following weighted average assumptions used for grants:

	1997	1998	1999
Risk-free interest rate	5.4%	5.2%	5.9%
Expected dividend yield	0%	0%	0%
Expected lives	3.2 years	6.0 years	5.3 years
Expected volatility	70%	70%	79%

The pro forma compensation expense was computed to be the following approximate amounts:

Year ended December 31, 1997	$4,121,000
Year ended December 31, 1998	$8,652,000
Year ended December 31, 1999	$8,196,000

If the Company had accounted for these plans in accordance with SFAS 123, the Company's net income and pro forma net income per share would have been reported as follows:

NET INCOME (AMOUNTS IN THOUSANDS)

	1997	1998	1999
As reported	$21,520	$20,307	$31,945
Pro forma	$19,006	$15,115	$26,863

PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

	1997	1998	1999
As reported:			
Basic	$ .35	$ .32	$ .50
Diluted	$ .33	$ .31	$ .48
Pro forma:			
Basic	$ .31	$ .24	$ .42
Diluted	$ .29	$ .23	$ .40

A summary of the status of the Company's three stock option plans for the three years ended December 31, 1999, 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, 1996	5,039,690	$ 5.79
Grants	880,500	17.79
Exercises	(470,272)	4.08
Forfeitures	(519,600)	9.95
Outstanding, December 31, 1997	4,930,318	7.61
Grants	3,163,074	12.03
Exercises	(249,440)	4.03
Forfeitures	(1,563,802)	13.73
Outstanding, December 31, 1998	6,280,150	8.54
Grants	6,735,643	8.40
Exercises	(768,210)	6.91
Forfeitures	(1,800,384)	10.29
Outstanding, December 31, 1999	10,447,199	8.55
Options exercisable at year-end:		
1997	1,498,425	$ 4.90
1998	2,076,578	$ 5.62
1999	2,385,596	$ 6.04
Weighted average fair value of options granted during the year:		
1997		$ 7.68
1998		$ 8.14
1999		$ 4.81

The following table sets forth the exercise price range, number of shares, weighted average exercise price and remaining contractual lives at December 31, 1999:

Exercise Price Range	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life
$ 1.29-$ 5.00	1,594,296	$2.34	6
$ 5.62-$ 6.00	587,084	$5.88	9
$ 6.13-$ 6.13	1,380,684	$6.13	9
$ 6.18-$ 7.00	1,630,000	$6.56	9
$ 7.06-$ 9.50	1,698,273	$8.72	8
$ 9.56-$12.75	1,494,608	$11.50	9
$12.88-$14.50	1,507,754	$13.46	9
$15.50-$34.06	554,500	$19.43	9

(11) FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of cash equivalents and other current accounts receivable and payable approximate the carrying amounts due to their short-term nature. Short-term investments include primarily U.S. government Treasury bills, investments in commercial paper, short-term corporate bonds and other short-term corporate obligations. These investments are classified as held to maturity securities and are measured at amortized cost. The carrying values of these investments approximate their fair values.

Debt and long-term receivables carried on the Company's consolidated balance sheet at December 31, 1998 and 1999 have a carrying value that is not significantly different than its 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 due to its short-term nature.

(12) RELATED PARTY TRANSACTIONS

The Company has entered into agreements pursuant to which the Company uses aircraft services which Kenneth D. Tuchman, chairman of the board of the Company, has a direct or indirect beneficial interest. During 1998 and 1999, the Company paid an aggregate of $480,000 and $440,000, respectively, for use of the aircraft services.

During 1998, the Company entered into an employment agreement with Morton H. Meyerson, a director of the Company, pursuant to which Mr. Meyerson has agreed to render certain advisory and consulting services to the Company. As compensation for such services, the Company has granted to Mr. Meyerson an option with an exercise price of $9.50 per share. The option vests over five years and is subject to accelerated vesting if and to the extent that the closing sales price of the common stock during the term equals or exceeds certain levels. Under the terms of the option, the exercise price is required to be paid by delivery of TeleTech shares to the Company and provides that Mr. Meyerson will receive no more than 200,000 shares of common stock, net of the shares received by the Company for exercise consideration.

The Company utilizes the services of EGI Risk Services, Inc. for reviewing, obtaining and/or renewing various insurance policies. EGI Risk Services, Inc. is a wholly-owned subsidiary of Equity Group Investments, Inc. Rod Dammeyer, a director of the Company, is the managing partner of Equity Group Investments, Inc., and Samuel Zell, a former director of the Company, is chairman of the board. During the years ended December 31, 1997, 1998 and 1999, the Company incurred $1,166,000, $2,288,000 and $3,521,000, respectively, for such services.

The Company provided reservation call handling services to Midway Airlines Corporation (Midway), a majority-owned subsidiary of Zell/Chilmark Fund, L.P. Samuel Zell, a former director of the Company, is an affiliate of Zell/Chilmark Fund, L.P., and Rod Dammeyer, a director of the Company and a member of the Audit Committee of the board of directors, is the managing director of Zell/Chilmark

Fund, L.P. During the years ended December 31 1997, the Company charged Midway an aggregate of $841,000 for services rendered by the Company. Services to Midway were discontinued in 1997.

(13) CONTRACT ACQUISITION COSTS

In September 1998, the Company paid $10.9 million to obtain a long-term contract with a significant client in the telecommunications industry. This amount is recorded as contract acquisition cost in the accompanying balance sheet and is being amortized over the six-year term of the contract commencing with the opening of the first customer interaction center in the first quarter of 1999. Amortization expense for the year ended December 31, 1999, was $1,614,000.

(14) ACQUISITIONS

On March 18, 1999, the Company acquired 100% of the common stock of Pamet River, Inc. (Pamet) for approximately $1,821,000 in cash and 285,711 shares of common stock in the Company. Pamet is a global marketing company offering end-to-end marketing solutions by leveraging Internet and database technologies. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 20 years. The operations of Pamet for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

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

As a part of the Smart Call acquisition, the Company paid $300,000, including costs associated with the transaction, for the option to acquire Connect S.A. (Connect), a sister company with additional customer management systems integration capabilities. The option has been accounted for as an other asset.

On October 12, 1999, the Company acquired 100% of the common stock of Connect for approximately $2,300,000 in cash including costs related to the acquisition. The former owners of Connect will also be entitled to an earn-out premium based on the results of the Company's consolidated operations in Argentina in 2000. Connect is located in Buenos Aires, Argentina, and provides customer relationship management solutions to Latin American and multinational companies in a variety of industries. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 20 years. The operations of Connect for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

The previous owners of Smart Call and Connect have the ability to earn a contingent payment of between $250,000 and $2,500,000 during 2000 and 2001. The contingent payment is based on reaching revenue and profitability targets.

On December 15, 1999, the Company invested $2.5 million in a customer relationship management software company. On January 27, 2000, an additional investment of $7.1 million was made in the same customer relationship management software company. The total ownership interest after the two investments is in excess of 7%. This investment is accounted for in long-term other assets.

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

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

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

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

The table below sets forth the results of operations of the previously separate enterprises for the period prior to the consummation of the June 1998 business combinations during the periods ended December 31, 1998 and 1997 (in thousands):

	TeleTech	Digital	EDM	Adjustments	Combined
1998:					
Revenues	$136,244	$ 2,038	$ 10,258	$ (1,171)	$147,369
Net income	6,972	136	654	--	7,762
1997:					
Revenues	$263,477	$ 2,521	$ 14,497	$ (1,438)	$279,057
Net income	20,273	276	785	--	21,334

On August 26, 1998, the Company consummated a business combination with Outsource Informatica Ltda. (Outsource), a leading Brazilian customer management provider, which included the issuance of 606,343 shares of Company common stock. This business combination was accounted for as a pooling of interests. The operations of Outsource prior to the acquisition are immaterial to all periods presented.

On December 31, 1998, the Company acquired 100% of the common stock of Cygnus Computer Associates Ltd. (Cygnus) for approximately $660,000 in cash and 324,744 shares of common stock in the Company. Cygnus is a Canadian provider of systems integration and call center solutions. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 10 years. The Company has also agreed to pay contingent consideration of up to CDN$4.8 million if Cygnus achieves certain levels of operating income in 1999 and 2000. Due to the uncertainty surrounding the achievement of these targets, none of the contingent consideration has been reflected as a liability in the accompanying financial statements. The operations of Cygnus for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

In May 1997, the Company acquired 100% of the common stock of Telemercadeo Integral, S.A. (TMI) for total consideration of $4.2 million, consisting of 100,000 shares of the Company's common stock and cash of $2.4 million. TMI is a customer management provider in Mexico. The acquisition was accounted for using the purchase method. The excess of cost of the acquisition over the underlying net assets of $4.4 million is being amortized using the straight-line method over 25 years.

(15) SALE OF JOINT VENTURE

On September 21, 1998, the Company sold its 50% interest in Access 24 UK to Priplan Investments, Ltd. for cash consideration of approximately $1.0 million. The Company incurred $129,000 in costs relating to the disposal of this joint venture in the third quarter 1998.

(16) SUBSEQUENT EVENTS

On August 31, 2000, the Company and CCH entered into a definitive Share Purchase Agreement, which included the exchange of 3,264,000 shares of the Company's common stock for all of the issued share capital of CCH. The business combination was accounted for as a pooling of interest, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of CCH for all periods presented.

The supplemental consolidated financial statements have been prepared to give retroactive effect to the business combination with CCH in August 2000. Generally accepted accounting principles prohibit giving effect to a consummated business combination accounted for by the pooling of interest method in financial statements that do not include the date of consummation. The accompanying supplemental consolidated financial statements do not extend through the date of consummation, however, they will become the historical consolidated financial statements of the Company after financial statements covering the date of consummation of the business is issued.

The table below sets forth the combined revenues and net income for the years ended December 31, 1997, 1998, and 1999 (in thousands):

	THI	CCH	Combined
1997:			
Revenues	$279,057	$ 5,626	$284,683
Net income	21,334	186	21,520
1998:			
Revenues	$369,045	$ 15,726	$384,771
Net income	19,202	1,105	20,307
1999:			
Revenues	$509,268	$ 39,808	$549,076
Net income	29,090	2,855	31,945

(17) QUARTERLY FINANCIAL DATA (UNAUDITED) (Amounts in thousands, except per share data)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
YEAR ENDED DECEMBER 31, 1999:				
Revenues	$119,475	$129,402	$134,691	$165,509
Income from operations	9,359	10,658	11,397	14,542
Net income	5,777	6,420	11,036	8,712
Net income per common share:				
Basic	.09	.10	.17	.14
Diluted	.09	.10	.17	.13

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
YEAR ENDED DECEMBER 31, 1998:				
Revenues	$ 84,175	$ 92,031	$ 96,297	$112,268
Income from operations	7,570	8,090	8,582	9,272
Net income	4,829	4,740	4,991	5,747
Net income per common share:				
Basic	.08	.08	.08	.09
Diluted	.07	.07	.08	.09

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONDENSED CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

ASSETS

	December 31, 1999	June 30, 2000 (unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,227	$ 6,360
Short-term investments	41,621	47,406
Investment securities available for sale	--	70,839
Accounts receivable, net of allowance for doubtful accounts of $3,923 and $4,524 respectively	91,979	146,543
Prepaids and other assets	5,361	7,939
Deferred tax asset	4,889	--
Total current assets	160,077	279,087
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $65,985 and $81,427, respectively	111,644	140,947
OTHER ASSETS:		
Long-term accounts receivable	3,930	2,290
Goodwill, net of accumulated amortization of $1,599 and $3,103, respectively	20,633	22,296
Contract acquisition cost, net of accumulated amortization of zero and $1,614, respectively	9,286	13,893
Deferred tax asset	550	550
Other assets	5,364	6,801
Total assets	$ 311,484	$ 465,864

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1999	June 30, 2000 (unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt and capital lease obligations	$ 5,783	$ 14,725
Bank overdraft	1,323	930
Accounts payable	12,426	13,297
Accrued employee compensation	28,319	31,780
Accrued income taxes	4,397	10,456
Deferred income taxes	--	16,733
Other accrued expenses	17,749	25,022
Customer advances, deposits and deferred income	4,510	3,199
Total current liabilities	74,507	116,142
LONG-TERM DEBT, net of current portion:		
Capital lease obligations	2,530	23
Revolving line-of-credit	18,000	43,000
Other debt	5,649	4,661
Total liabilities	100,686	163,826
MINORITY INTEREST, in consolidated subsidiaries	--	5,499
STOCKHOLDERS' EQUITY:		
Stock purchase warrants	--	5,100
Common stock; $.01 par value; 150,000,000 shares authorized; 65,087,645 and 66,009,671 shares, respectively, issued; and outstanding	650	660
Additional paid-in capital	122,088	137,346
Accumulated other comprehensive loss	(1,402)	36,971
Retained earnings	89,462	116,462
Total stockholders' equity	210,798	296,539
Total liabilities and stockholders' equity	$ 311,484	$ 465,864

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

	Six Months Ended June 30, 1999	Six Months Ended June 30, 2000
REVENUES	$ 248,877	$ 369,854
OPERATING EXPENSES:		
Costs of services	166,241	245,991
Other operating expenses	62,618	89,036
Total operating expenses	228,859	335,027
INCOME FROM OPERATIONS	20,018	34,827
OTHER INCOME (EXPENSE):		
Interest expense	(1,041)	(2,088)
Interest income	1,202	1,322
Gain on sale of securities	--	12,762
Other	27	(686)
Total other income	188	11,310
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	20,206	46,137
Provision for income taxes	8,009	17,567
INCOME BEFORE MINORITY INTEREST	12,197	28,570
Minority interest, net of income taxes	--	(399)
NET INCOME	$ 12,197	$ 28,171
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	64,197	65,563
Diluted	65,635	69,980
NET INCOME PER SHARE		
Basic	$ 0.19	$ 0.43
Diluted	$ 0.19	$ 0.40

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1999 AND 2000
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	1999	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 12,197	$ 28,171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,241	18,809
Minority interest	--	399
Allowance for doubtful accounts	182	901
Deferred income taxes	(64)	(459)
Gain on sale of securities	--	(12,762)
Loss on Disposal of assets	582	459
Changes in assets and liabilities:		
Accounts receivable	(5,952)	(56,276)
Prepaids and other assets	(2,627)	(2,713)
Accounts payable and accrued expenses	(1,980)	16,054
Customer advances, deposits and deferred income	(130)	2,358
Net cash provided by (used in) operating activities	16,449	(5,059)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(31,012)	(46,331)
Acquisition, net of cash required	(4,052)	--
Contract acquisition costs	--	(1,356)
Investment in customer relationship management software company	--	(7,989)
Proceeds from minority interest in subsidiary	--	5,100
Changes in accounts payable and accrued liabilities related to investing activities	(55)	(600)
Decrease (increase) in short-term investments	2,969	8,935
Net cash used in investing activities	(32,150)	(42,241)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in bank overdraft	499	(393)
Net increase (decrease) in short-term borrowings	22,000	25,000
Net increase (decrease) on long-term debt and capital lease obligations	(3,178)	2,070
Proceeds from exercise of stock options, net of tax benefit	(675)	13,468
Distributions to stockholder	--	(1,184)
Net cash provided by financing activities	18,646	38,961

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1999 AND 2000
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	1999	2000
Effect of exchange rate changes on cash	(1,919)	(1,528)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,026	(9,867)
CASH AND CASH EQUIVALENTS, beginning of period ...	9,466	16,227
CASH AND CASH EQUIVALENTS, end of period	$ 10,492	$ 6,360

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

NOTE (1)--BASIS OF PRESENTATION

The accompanying unaudited supplemental condensed consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. The supplemental condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) which, in the opinion of management , are necessary to present fairly the financial position, results of operations and cash flows of TeleTech Holdings, Inc. and subsidiaries as of June 30, 1999 and 2000 and for the periods then ended. Operating results for the three and six months ended June 30, 1999 and 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000.

The unaudited supplemental condensed consolidated financial statements should be read in conjunction with the audited supplemental consolidated financial statements and footnotes thereto included in this filing.

NOTE (2)--SUBSEQUENT EVENT

In July 2000, the Company sold a division of its Australian subsidiary which provides services in the healthcare industry for cash of approximately $5.4 million. This sale will result in a gain recognized in the third quarter of 2000 of approximately $3.0 million. The operating results, assets and liabilities of this division are not significant to the consolidated operating results, assets and liabilities of the Company.

On August 31, 2000, the Company and CCH entered into a definitive Share Purchase Agreement, which included the exchange of 3,264,000 shares of the Company's common stock for all of the issued share capital of CCH. The business combination was accounted for as a pooling of interest, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of CCH for all periods presented.

The supplemental consolidated financial statements have been prepared to give retroactive effect to the business combination with CCH in August 2000. Generally accepted accounting principles prohibit giving effect to a consummated business combination accounted for by the pooling of interest method in financial statements that do not include the date of consummation. The accompanying supplemental consolidated financial statements do not extend through the date of consummation, however, they will become the historical consolidated financial statements of the Company after financial statements covering the date of consummation of the business is issued.

The table below sets forth the combined revenues and net income for the six months ended June 30, 1999 and 2000 (in thousands):

	THI	CCH	Adjustments	Combined
1999:				
Revenues	$231,203	$ 17,674	--	$248,877
Net income	10,265	1,932	--	12,197
2000:				
Revenues	$340,340	$ 29,514	--	$369,854
Net income	26,282	2,506	(617)	28,171

NOTE (3)-- SEGMENT INFORMATION AND CUSTOMER CONCENTRATIONS

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

	Three Months Ended	
(Amounts in Thousands)	1999	2000
REVENUES:		
Outsourced	$ 72,530	$ 94,790
Facilities Management	20,399	28,304

International Outsourced	29,527	70,700
Corporate Activities	6,946	3,332
Total	$ 129,402	$ 197,126
OPERATING INCOME (LOSS):		
Outsourced	$ 16,801	$ 21,032
Facilities Management	1,406	3,547
International Outsourced	2,025	9,772
Corporate Activities	(9,574)	(15,352)
Total	$ 10,658	$ 18,999

(Amounts in Thousands)	Six Months Ended 1999	2000
REVENUES:		
Outsourced	$ 138,776	$ 184794
Facilities Management	40,733	55,208
International Outsourced	56,500	123,673
Corporate Activities	12,868	6,179
Total	$ 248,877	$ 369,854
OPERATING INCOME (LOSS):		
Outsourced	$ 30,555	$ 42,081
Facilities Management	3,054	6,510
International Outsourced	4,119	15,927
Corporate Activities	(17,710)	(29,691)
Total	$ 20,018	$ 34,827

ASSETS:	Balance as of December 31, 1999	June 30, 2000
Outsourced	$ 76,401	$103,178
Facilities Management	11,290	13,417
International Outsourced	106,397	157,037
Corporate Activities	117,396	192,232
Total	$311,484	$465,864
GOODWILL (INCLUDED IN TOTAL ASSETS):		
International Outsourced Goodwill, Net	$ 10,496	$ 10,554
Corporate Activities Goodwill, Net	10,137	11,742
Total	$ 20,633	22,296

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

	Three Months Ended 1999	2000
REVENUES:		
United States	$ 95,062	$120,887
Canada	7,484	23,726
Australia	13,228	16,484
Latin America	3,500	14,632
Rest of world	10,128	21,397
Total	$129,402	$197,126

	Six Months Ended 1999	2000
REVENUES:		
United States	$182,653	$235,335
Canada	16,404	36,453
Australia	23,947	31,396
Latin America	5,745	27,012
Rest of world	20,128	39,658
Total	$248,877	$369,854

NOTE (4)--SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES (IN THOUSANDS):

	Six months ended June 30 1999	2000
Cash paid for interest	$ 680	$1,282
Cash paid for income taxes	$6,257	$4,254
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Assets acquired through capital leases	$2,098	--
Issuance of stock purchase warrants in connection with the formation of joint venture		$5,100
Stock issued in purchase of Pamet	$1,753	

NOTE (5)--COMPREHENSIVE INCOME (IN THOUSANDS)

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). The purpose of SFAS 130 is to report a measure of all changes in equity that result from recognized transactions and other economic events of the period other than transactions with owners in their capacity as owners. The only item of other comprehensive income reported by the Company is the cumulative translation adjustment. The Company's comprehensive income for the six months ended June 30, 1999 and 2000 was as follows (in thousands):

	Three months ended June 30, 1999	Three months ended June 30, 2000
Net income for the period	$ 6,420	$ 18,673
Change in cumulative translation adjustment	456	(1,020)
Unrealized gain on securities available for sale, net of tax effect	--	40,303
Comprehensive income	$ 6,876	$ 57,956

	Six months ended June 30, 1999	Six months ended June 30, 2000
Net income for the period	$ 12,197	$ 28,171
Change in cumulative translation adjustment	164	(1,930)
Unrealized gain on securities available for sale, net of tax effect	--	40,303
Comprehensive income	$ 12,361	$ 66,544

NOTE (6)--FORD JOINT VENTURE

During the first quarter of 2000, the Company and Ford Motor Company ("Ford") formed the Percepta LLC. In connection with this formation, the Company issued stock purchase warrants to Ford entitling Ford to purchase 750,000 shares of TeleTech common stock. These warrants were valued at $5.1 million using the Black Scholes Option model.

NOTE (7)--LEASE COMMITMENT

In March, 2000 the Company and State Street Bank and Trust Company of Connecticut ("State Street") entered into a lease agreement (the "Agreement") whereby State Street acquired 12 acres of land in Arapahoe County, Colorado for approximately $5.2 million for the purpose of constructing a new corporate headquarters for the Company. In June, 2000 the Agreement was amended to provide for the construction of the building. The total estimated cost of the land and building provided for under the Agreement is $30 million. Rent expense will commence upon completion of the building, which is estimated to be in the first quarter of 2001. The rental expense will be based upon the total project costs times a floating rate factor based on a spread of 100 to 175 basis points over LIBOR.

NOTE (8)--INVESTMENT IN COMMON STOCK

In December 1999 and January 2000, the Company invested a total of $9.6 million in a privately held customer relationship management software company which resulted in an ownership of approximately 7%. In June, 2000, this company merged with E.piphany, Inc., a publicly traded customer relationship management company. As a result of the merger, TeleTech received 825,000 shares of E.piphany common stock. Prior to June 30, 2000, TeleTech sold 152,500 shares of E.piphany for total proceeds fo $14.7 million, which resulted in a realized gain of $12.7 million. The remaining 673,400 shares of E.piphany are reflected in the accompanying June 30, 2000 balance sheet as an available for sale security.

Accordingly, they are reflected at their market value with the corresponding unrealized income reflected in other comprehensive income net of tax. Subsequent to June 30, 2000 TeleTech has sold an additional 290,000 shares for $35.9 million which resulted in a realized gain of $32 million.

Item 7. Financial Statements and Exhibits

(c) Exhibits

The following exhibits are filed as part of this Current Report on Form 8-K:

Exhibit Number	Exhibit
23.1	Consent of Arthur Andersen LLP
27.1	Financial Data Schedules for fiscal years ended December 31, 1999, 1998 and 1997, restated
27.2	Financial Data Schedules for the three month and six month periods ended March 31, and June 30, 2000, respectively, restated
27.3	Financial Data Schedule for the three month, six month and nine month periods ended March 31, June 30, and September 30, 2000, respectively, restated

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TeleTech Holdings, Inc.

By: /s/ Margot O'Dell

Margot O'Dell
Chief Financial Officer

Dated: October 27, 2000

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated February 14, 2000 (except for the matters discussed in Note 16, as to which the date is August 31, 2000), included in this Current Report on Form 8-K, into TeleTech Holdings, Inc.'s previously filed Registration Statement File Nos. 333-17569, 333-60001, 333-64575, 333-78477, 333-82405, 333-47142, 333-47432 and 333-48190. It should be noted that we have not audited any financial statements of the company subsequent to December 31, 1999 or performed any procedures subsequent to February 14, 2000 (except for the matters discussed in Note 16, as to which the date is August 31, 2000).

Denver, Colorado
October 25, 2000

12-MOS	12-MOS	12-MOS
DEC-31-1999	DEC-31-1998	DEC-31-1997
DEC-31-1999	DEC-31-1998	DEC-31-1997
16,227	9,466	7,477
41,621	37,107	69,633
95,902	77,512	45,991
3,923	2,900	2,327
0	0	0
10,250	6,666	4,192
177,629	117,985	75,550
65,985	38,998	21,812
311,484	238,957	194,947
74,507	62,272	43,763
0	0	0
0	0	0
0	0	0
650	639	625
210,148	168,425	138,776
311,484	238,957	194,947
549,076	384,771	284,683
549,076	384,771	284,683
372,182	253,427	182,509
503,119	351,257	251,256
(9,344)	(1,583)	(3,465)
0	0	0
2,509	1,446	1,166
52,792	33,651	35,726
20,847	13,344	14,206
31,945	20,307	21,520
0	0	0
0	0	0
0	0	0
31,945	20,307	21,520
.50	.32	.35
.48	.31	.33

3-MOS	6-MOS
DEC-31-2000	DEC-31-2000
MAR-31-2000	JUN-30-2000
20,329	6,360
31,507	47,406
126,972	151,067
4,210	4,524
0	0
14,791	7,939
187,232	222,374
72,638	81,427
355,662	465,864
76,661	116,142
0	0
0	0
0	0
653	660
234,388	295,879
355,662	465,864
172,505	369,854
172,505	369,854
113,657	245,991
155,790	335,027
(685)	(13,398)
0	0
895	2,088
16,505	46,137
6,390	17,567
10,115	28,570
0	0
0	0
0	0
10,115	28,171
.16	.43
.14	.40

3-MOS	6-MOS	9-MOS
DEC-31-1999	DEC-31-1999	DEC-31-1999
MAR-31-1999	JUN-30-1999	SEP-30-1999
14,112	10,491	21,775
36,230	34,136	37,296
85,962	89,957	90,660
3,167	3,295	3,448
0	0	0
7,100	7,876	8,551
132,201	151,391	160,750
44,416	50,942	57,370
267,692	274,320	294,938
65,018	62,349	70,886
0	0	0
0	0	0
0	0	0
642	643	645
175,786	183,080	196,233
267,692	274,320	294,938
119,475	248,877	383,568
119,475	248,877	383,568
80,387	166,241	256,576
110,116	228,859	352,152
(685)	(1,229)	8,764
0	0	0
489	1,041	1,690
9,555	20,206	38,489
3,778	8,009	15,257
5,777	12,197	23,233
0	0	0
0	0	0
0	0	0
5,777	12,197	23,233
.09	.19	.36
.09	.19	.35