

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TELETECH HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	7389	84-1291044
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employee Identification No.)

1700 LINCOLN STREET, SUITE 1400
DENVER, COLORADO 80203
(303) 894-4000
(Address, including zip code, and telephone number, including
area code, of registrant's executive offices)

KENNETH D. TUCHMAN
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
TELETECH HOLDINGS, INC.
1700 LINCOLN STREET, SUITE 1400
DENVER, COLORADO 80203
(303) 894-4000
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

WITH COPIES TO:

CHARLES EVANS GERBER, ESQ. HELEN N. KAMINSKI, ESQ. Neal, Gerber & Eisenberg Two North LaSalle Street Chicago, Illinois 60602 (312) 269-8000	HOWARD S. LANZNAR, ESQ. MARK D. WOOD, ESQ. Katten Muchin & Zavis 525 West Monroe Street Chicago, Illinois 60661 (312) 902-5200
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box. / /

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$.002 per share.....	\$120,750,000	\$41,637.93

(1) Estimated solely for the purposes of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION ON SUCH DATE AS MAY BE
NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER
AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL
THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES OF
1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS
THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A),
MAY DETERMINE.

TELETECH HOLDINGS, INC.
CROSS REFERENCE SHEET
PURSUANT TO REGULATION S-K, SECTION 501(B)

FORM S-1 ITEM

LOCATION IN PROSPECTUS

1.	Forepart of the Registration Statement and Outside Front Cover Page of Prospectus.....	Forepart of the Registration Statement and Outside Front Cover Page of Prospectus
2.	Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front and Outside Back Cover Pages of Prospectus; Additional Information
3.	Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; The Company; Risk Factors; Business
4.	Use of Proceeds.....	Prospectus Summary; Use of Proceeds
5.	Determination of Offering Price.....	Outside Front Cover Page of Prospectus; Underwriters
6.	Dilution.....	Dilution
7.	Selling Security Holders.....	Principal and Selling Stockholders
8.	Plan of Distribution.....	Outside and Inside Front Cover Pages of Prospectus; Underwriters
9.	Description of Securities to be Registered.....	Prospectus Summary; Capitalization; Description of Capital Stock
10.	Interests of Named Experts and Counsel.....	Legal Matters; Experts
11.	Information with Respect to the Registrant.....	Cover Page of Registration Statement; Outside and Inside Front Cover Pages of Prospectus; Prospectus Summary; The Company; Risk Factors; Use of Proceeds; Dividend Policy; Capitalization; Dilution; Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Relationships and Related Party Transactions; Principal and Selling Stockholders; Description of Capital Stock; Shares Eligible for Future Sale; Legal Matters; Experts; Financial Statements
12.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	*

*Inapplicable

EXPLANATORY NOTE

This Registration Statement contains two forms of prospectuses: one to be used in connection with an offering in the United States and Canada (the "U.S. Prospectus") and one to be used in connection with a concurrent international offering (the "International Prospectus") of the Common Stock, par value \$.002 per share, of TeleTech Holdings, Inc. The form of U.S. Prospectus is included herein and is followed by the outside front cover page to be used in the International Prospectus, which is the only differing page of the International Prospectus. The outside front cover page of the International Prospectus included herein is labeled "Alternative Page for International Prospectus."

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

6,000,000 SHARES

[LOGO]
COMMON STOCK

OF THE 6,000,000 SHARES OF COMMON STOCK BEING OFFERED, 4,000,000 SHARES ARE BEING SOLD BY THE COMPANY AND 2,000,000 SHARES ARE BEING SOLD BY THE SELLING STOCKHOLDERS NAMED HEREIN. THE COMPANY WILL NOT RECEIVE ANY OF THE PROCEEDS FROM THE SALE OF SHARES BY THE SELLING STOCKHOLDERS. SEE "PRINCIPAL AND SELLING STOCKHOLDERS." OF THE SHARES BEING OFFERED, SHARES ARE BEING OFFERED INITIALLY IN THE UNITED STATES AND CANADA BY THE U.S. UNDERWRITERS AND SHARES ARE BEING OFFERED INITIALLY OUTSIDE OF THE UNITED STATES AND CANADA BY THE INTERNATIONAL UNDERWRITERS. SEE "UNDERWRITERS." PRIOR TO THE OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK OF THE COMPANY. IT IS CURRENTLY ANTICIPATED THAT THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN \$ AND \$. SEE "UNDERWRITERS" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL OFFERING PRICE.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" COMMENCING ON PAGE 6 HEREOF.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE \$ A SHARE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)	PROCEEDS TO SELLING STOCKHOLDERS
PER SHARE.....	\$	\$	\$	\$
TOTAL (3).....	\$	\$	\$	\$

-
- (1) THE COMPANY AND THE SELLING STOCKHOLDERS HAVE AGREED TO INDEMNIFY THE UNDERWRITERS AGAINST CERTAIN LIABILITIES, INCLUDING LIABILITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED.
- (2) BEFORE DEDUCTING EXPENSES PAYABLE BY THE COMPANY ESTIMATED AT \$. THE COMPANY HAS AGREED TO PAY THE EXPENSES OF THE SELLING STOCKHOLDERS, OTHER THAN UNDERWRITING DISCOUNTS AND COMMISSIONS.
- (3) ONE OF THE SELLING STOCKHOLDERS HAS GRANTED THE U.S. UNDERWRITERS AN OPTION, EXERCISABLE WITHIN 30 DAYS OF THE DATE HEREOF, TO PURCHASE UP TO AN AGGREGATE OF 900,000 ADDITIONAL SHARES OF COMMON STOCK AT THE PRICE TO PUBLIC LESS UNDERWRITING DISCOUNTS AND COMMISSIONS FOR THE PURPOSE OF COVERING OVER-ALLOTMENTS, IF ANY. IF THE U.S. UNDERWRITERS EXERCISE SUCH OPTION IN FULL, THE TOTAL PRICE TO PUBLIC, UNDERWRITING DISCOUNTS AND COMMISSIONS, PROCEEDS TO COMPANY AND PROCEEDS TO SELLING STOCKHOLDERS WILL BE \$, \$, \$, AND \$, RESPECTIVELY. SEE "UNDERWRITERS."
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THE SHARES ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITERS NAMED HEREIN AND SUBJECT TO APPROVAL OF CERTAIN LEGAL MATTERS BY KATTEN MUCHIN & ZAVIS, COUNSEL FOR THE UNDERWRITERS. IT IS EXPECTED THAT DELIVERY OF THE SHARES WILL BE MADE ON OR ABOUT , 1996 AT THE OFFICE OF MORGAN STANLEY & CO. INCORPORATED, NEW YORK, NEW YORK, AGAINST PAYMENT THEREFOR IN IMMEDIATELY AVAILABLE FUNDS.

MORGAN STANLEY & CO.
INCORPORATED

ALEX. BROWN & SONS
INCORPORATED

SMITH BARNEY INC.

, 1996

INSIDE FRONT COVER OF PROSPECTUS:

The inside front cover is a gatefold which opens to a multicolor graphic layout containing, in the upper right-hand corner, the title "integrated customer lifecycle management." Under the title is written: "TeleTech's solutions integrate all phases of the customer lifecycle -- customer acquisition, service and retention, satisfaction and loyalty -- and are designed to maximize the lifetime value of its client's customer relationships."

The gatefold contains six photographs of the Company's call centers (two overlapping photographs in each of the lower left-hand, upper left-hand and upper right-hand corners with the word "TeleTech" superimposed). In the center of the gatefold, there is an oval photograph of a woman speaking on the telephone, which is labelled "Client's Customer." This photograph is surrounded by three smaller oval photographs of faces, each of which is labelled "TeleTech representative." Radiating outward from the center oval photograph of the Client's Customer are 16 curved lines, each of which terminates at an oval point, adjacent to which is a question or request that the customer might have regarding a particular product or service. Following this "customer lifecycle" clockwise from a point labelled "Start", the questions or requests that a customer might ask appear as follows:

"Tell me about it."
"Where can I buy it?"
"I want to order it."
"How do I activate it."
"Help me navigate it."
"Send someone to repair it."
"I want to upgrade it."
"My billing address has changed for it."
"How do I take care of it?"
"I want to complain about it."
"I want to rave about it."
"Make me a preferred customer and I'll keep buying it."
"Register me for the event celebrating it."
"Contact my friend about trying it."
"I'd like to buy it again."

These questions or requests are classified by color into the following three phases of the customer lifecycle: "CUSTOMER ACQUISITION/SHORT-TERM VALUE," "CUSTOMER SERVICE + RETENTION/SUSTAINED VALUE," "CUSTOMER SATISFACTION + LOYALTY/MAXIMUM VALUE."

Centered along the lower edge of the gatefold, is an oval graphic containing text that lists under the heading "TeleTech's Core Strengths" the following words: "People -- Infrastructure -- Technology -- Process -- Strategy -- Innovation." On either side of this text is an arrow, one of which points to the left indicating "Customer Benefits" (listed as "Access to direct product and service providers -- Rapid, single-call resolution -- Personalized service -- Long-term, loyal supplier relationships"), and the other of which points to the right indicating "Client Benefits" (listed as "Reduced operating costs -- Core competency concentration -- Enhance service quality -- Enlightening customer relationships -- Maximum customer value").

TeleTech's corporate logo appears in the lower left-hand corner of the gatefold, under which are written the words: "COPYRIGHT 1996."

NO PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, BY ANY SELLING STOCKHOLDER OR BY ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFERING OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

UNTIL , 1996 (25 DAYS AFTER COMMENCEMENT OF THIS OFFERING), ALL DEALERS EFFECTING TRANSACTIONS IN COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

For investors outside of the United States: No action has been or will be taken in any jurisdiction by the Company or by any Underwriter that would permit a public offering of the Common Stock or possession or distribution of this Prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons into whose possession this Prospectus comes are required by the Company and the Underwriters to inform themselves about and to observe any restrictions as to the offering of the Common Stock and the distribution of this Prospectus.

In this Prospectus references to "dollars" and "\$" are to United States dollars, and the terms "United States" and "U.S." mean the United States of America, its states, its territories, its possessions and all areas subject to its jurisdiction.

TABLE OF CONTENTS

	PAGE
Prospectus Summary.....	3
The Company.....	5
Risk Factors.....	6
Use of Proceeds.....	11
Dividend Policy.....	11
Capitalization.....	12
Dilution.....	13
Selected Financial Data.....	14
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	17
Business.....	23
Management.....	34
Certain Relationships and Related Party Transactions.....	41
Principal and Selling Stockholders.....	42
Description of Capital Stock.....	44
Shares Eligible for Future Sale.....	46
Certain United States Federal Tax Consequences for Non-U.S. Holders of Common Stock.....	48
Underwriters.....	50
Legal Matters.....	53
Experts.....	53
Additional Information.....	53
Index to Financial Statements.....	F-1

The Company intends to furnish to its stockholders annual reports containing consolidated financial statements audited by an independent accounting firm and quarterly reports for the first three quarters of each fiscal year containing interim unaudited financial information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS AND NOTES THERETO APPEARING ELSEWHERE IN THIS PROSPECTUS. EXCEPT AS OTHERWISE NOTED HEREIN, INFORMATION IN THIS PROSPECTUS (I) ASSUMES NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION, (II) REFLECTS A FIVE-FOR-ONE SPLIT OF THE COMPANY'S COMMON STOCK TO BE EFFECTED IMMEDIATELY PRIOR AND SUBJECT TO THE CLOSING OF THIS OFFERING (THE "OFFERING") AND (III) REFLECTS THE CONVERSION OF ALL OUTSTANDING SHARES OF CONVERTIBLE PREFERRED STOCK, PAR VALUE \$6.45 PER SHARE, OF THE COMPANY ("PREFERRED STOCK") INTO 9,300,000 SHARES OF COMMON STOCK TO BE EFFECTED IMMEDIATELY PRIOR AND SUBJECT TO THE CLOSING OF THE OFFERING (THE "PREFERRED STOCK CONVERSION"). SEE "DESCRIPTION OF CAPITAL STOCK" AND "UNDERWRITERS." UNLESS OTHERWISE INDICATED, REFERENCES TO "TELETECH" AND THE "COMPANY" MEAN TELETECH HOLDINGS, INC. AND ITS WHOLLY-OWNED SUBSIDIARIES OR, FOR PERIODS PRIOR TO DECEMBER 1994, MEAN TELETECH TELECOMMUNICATIONS, INC. AND TELETECH TELESERVICES, INC., COLLECTIVELY. SEE "THE COMPANY."

THE COMPANY

TeleTech is a leading provider of customer care solutions for Fortune 1000 companies. Customer care encompasses a wide range of customer acquisition, retention and satisfaction programs designed to maximize the lifetime value of the relationships between TeleTech's clients and their customers. TeleTech's customer care programs involve all stages of the customer lifecycle and usually consist of a variety of customer service and technical and product support activities, such as product information, program enrollment, help desk support, account inquiries, problem resolution and satisfaction assessments. TeleTech works closely with its clients to rapidly design and implement large scale, tailored customer care programs that provide integrated, comprehensive solutions to specific business needs.

TeleTech delivers its customer care services primarily through customer-initiated ("inbound") telephone calls and also over the Internet. Services are provided by trained customer care representatives ("Representatives") in TeleTech call centers ("Call Centers") in response to an inquiry that a customer makes by calling a toll-free telephone number or by sending an Internet message. Representatives respond to these inquiries utilizing state-of-the-art workstations that leverage TeleTech's advanced technology platform and enable them to provide rapid, single-call resolution. This platform incorporates digital switching, client/server technology, object-oriented software modules, relational database management systems, proprietary call tracking management software, computer telephony integration and interactive voice response. TeleTech's services generally are provided on either a fully outsourced or facilities management basis.

TeleTech seeks to establish long-term, strategic relationships, typically formalized by multi-year contracts, with selected clients in the telecommunications, technology, transportation, health care and financial services industries. TeleTech targets clients in these industries because of their complex product and service offerings and large customer bases, which require frequent, often sophisticated, customer interactions. The Company recently entered into significant, multi-year contracts with CompuServe and United Parcel Service and has obtained additional business from AT&T. Additional clients include Apple Computer, Bell Atlantic, Novell, NYNEX and Wells Fargo Bank.

The Company was founded in 1982 and has been providing inbound customer care solutions since its inception. Since January 1995, the Company has opened, acquired or initiated management of seven Call Centers. As of April 30, 1996, TeleTech owned, leased or managed nine Call Centers in the United States, the United Kingdom, Australia and New Zealand equipped with a total of 4,560 state-of-the-art workstations. TeleTech currently plans to open two additional Call Centers and expand an existing Call Center by the end of 1996. In the first quarter of 1996, approximately 95% of the Company's call handling revenues were derived from inbound inquiries. TeleTech's revenues increased 42.3% to \$50.5 million in 1995 from \$35.5 million in 1994. In the first quarter of 1996, revenues increased 111.5% to \$22.0 million from \$10.4 million in the same period of 1995.

THE OFFERING

Common Stock offered.....	6,000,000 shares
	4,000,000 shares by the Company
	2,000,000 shares by the Selling Stockholders
U.S. offering.....	shares
International offering.....	shares
Common Stock to be outstanding after the Offering.....	55,046,240 shares(1)
Use of proceeds to the Company.....	For working capital and general corporate purposes and to repay outstanding short-term indebtedness.
Proposed Nasdaq National Market Symbol.....	TTEC

- (1) Includes 9,300,000 shares of Common Stock to be issued upon the conversion of all 1,860,000 outstanding shares of Preferred Stock pursuant to the Preferred Stock Conversion. Excludes 4,968,500 shares of Common Stock issuable upon exercise of options outstanding at May 15, 1996 with a weighted average exercise price of \$4.69 per share. See "Capitalization," "Management-- Compensation of Directors," "Management--Teletech Stock Option Plan," "Underwriters" and note 11 to the Company's Consolidated and Combined Financial Statements (the "Financial Statements").

SUMMARY FINANCIAL INFORMATION (1) (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND OPERATING DATA)

	YEAR ENDED JANUARY 31, ----- 1993 -----		ELEVEN MONTHS ENDED DECEMBER 31, ----- 1993 -----	YEAR ENDED DECEMBER 31, ----- 1994 -----		THREE MONTHS ENDED MARCH 31, ----- 1995 -----	
	1992						
	(UNAUDITED)					(UNAUDITED)	
STATEMENT OF OPERATIONS DATA:							
Revenues.....	\$ 5,751	\$13,814	\$19,520	\$35,462	\$50,467	\$10,412	\$22,019
Income (loss) from operations.....	(332)	250	837	2,196	4,596	614	2,723
Net income.....	214	52	548	1,695	4,156(2)	1,628(2)	1,258
Pro forma net income.....	214	52	299(3)	1,037(3)	4,156(2)	1,628(2)	1,258
Pro forma net income per share of Common Stock and equivalents (4).....	--	--	.01(3)	.02(3)	.08(2)	.03(2)	.02
Weighted average shares outstanding (4).....	44,085	44,085	44,085	44,085	54,658	54,586	54,682
OPERATING DATA:							
Number of Call Centers.....	1	1	2	2	3	3	9
Number of workstations.....	300	300	560	560	960	960	3,107

	MARCH 31, 1996		
	ACTUAL	PRO FORMA (5)	PRO FORMA AS ADJUSTED (6)
	(UNAUDITED)		
BALANCE SHEET DATA:			
Working capital.....	\$ 5,380	\$ 5,380	
Total assets.....	49,454	49,454	
Long-term debt, net of current portion.....	6,536	6,536	
Total stockholders' equity.....	9,829	22,908	

- (1) The Summary Financial Information presented in this table is derived from the "Selected Financial Information" and the Financial Statements included elsewhere in this Prospectus.
- (2) Includes the \$2.4 million pre-tax net proceeds of a one-time payment made by a former client to TeleTech in connection with such client's early termination of a contract.
- (3) During 1993 and 1994, the Company was an S corporation under Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"), and, accordingly, was not subject to federal income taxes. Pro forma net income includes a provision for income taxes at an effective rate of 44.4% for the 11 months ended December 31, 1993 and 39.5% for the year ended December 31, 1994.
- (4) Calculated in the manner described in note 1 to the Financial Statements.
- (5) Reflects the conversion of 1,860,000 shares of Preferred Stock into 9,300,000 shares of Common Stock pursuant to the Preferred Stock Conversion.
- (6) Reflects the sale of 4,000,000 shares of Common Stock being offered by TeleTech at an assumed initial price to public of \$ per share (net of approximately \$ million of estimated offering expenses and underwriting discounts and commissions) and the application of the estimated net proceeds

therefrom, including repayment of short-term indebtedness. See "Use of Proceeds" and "Capitalization."

THE COMPANY

TeleTech is a leading provider of customer care solutions for Fortune 1000 companies. Customer care encompasses a wide range of customer acquisition, retention and satisfaction programs designed to maximize the lifetime value of the relationships between TeleTech's clients and their customers. TeleTech's customer care programs involve all stages of the customer lifecycle and usually consist of a variety of customer service and technical and product support activities, such as product information, program enrollment, help desk support, account inquiries, problem resolution and satisfaction assessments. TeleTech delivers its customer care services primarily through customer initiated telephone calls and also over the Internet. Services are generally provided by customer care Representatives in Call Centers in response to an inquiry that a customer makes by calling a toll-free telephone number or by sending an Internet message. Representatives respond to these inquiries utilizing state-of-the-art workstations that leverage TeleTech's advanced technology platform and enable it to provide rapid, single-call resolution. TeleTech's services are generally provided on either a fully outsourced or facilities management basis.

Companies today are finding it increasingly difficult to satisfy their customers' needs for service and information. The Company believes that customer care has become a clear competitive differentiator and that consumers increasingly consider the relative effectiveness, ease of use and responsiveness of customer service when evaluating comparable products or services. Historically, companies have provided customer care and support in-house because they believed that the "customer interface" was too critical to be outsourced. Many now acknowledge that they do not have the core competencies or are unwilling to invest the substantial resources necessary to provide high quality, inbound customer care solutions on a timely, cost effective basis. As a result of these trends, a large and rapidly growing customer care outsourcing industry has emerged. Management believes that companies considering outsourcing their customer care activities increasingly are seeking a strategic partner that can understand their business, can provide a comprehensive range of services, and has the flexibility, scalability, management expertise, facilities and sophisticated technological and educational resources to serve effectively their customers' long-term needs.

TeleTech designs and implements customer care programs that are customized to provide an integrated solution tailored for each client. The Company's programs are designed to (i) improve the quality and yield of customer interactions, (ii) reduce the operating costs associated with the delivery of customer service and product support, (iii) minimize the client's required investment in and technology risks associated with operating in-house call centers, (iv) eliminate the need to manage large numbers of call center employees and (v) enable clients to focus on their core competencies. These programs address inbound customer interactions in a manner that is seamless with the client's operations and transparent to the customers. TeleTech effectively delivers these programs by rapidly deploying the technology and human resources required to implement and manage comprehensive, integrated customer care solutions.

TeleTech seeks to establish long-term, strategic relationships, typically formalized by multi-year contracts, with selected clients in the telecommunications, technology, transportation, health care and financial services industries. TeleTech targets clients in these industries because of their complex product and service offerings and large customer bases that require frequent, often sophisticated, customer interactions.

TeleTech's principal executive offices are located at 1700 Lincoln Street, Suite 1400, Denver, Colorado 80203 and its telephone number is (303) 894-4000. TeleTech was incorporated under the laws of Delaware in December 1994 in connection with a restructuring of the ownership of TeleTech Telecommunications, Inc., which was incorporated under the laws of California in October 1982, and TeleTech Teleservices, Inc., which was incorporated under the laws of Colorado in November 1992. As a result of such restructuring, TeleTech Teleservices and TeleTech Telecommunications became wholly-owned subsidiaries of TeleTech.

RISK FACTORS

IN EVALUATING THE COMPANY'S BUSINESS, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS IN ADDITION TO THE OTHER INFORMATION PRESENTED IN THIS PROSPECTUS.

RELIANCE ON MAJOR CLIENTS. The Company has strategically focused its marketing efforts on developing long-term relationships with Fortune 1000 companies in targeted industries. As a result, a substantial portion of the Company's revenues is derived from relatively few clients. Collectively, the Company's 10 largest clients in 1995 accounted for approximately 82.1% of the Company's 1995 revenues. The Company's three largest clients in 1995 were AT&T, Continental Airlines and Apple Computer, which accounted for approximately 31% (including 11% from AT&T's subsidiary McCaw Communications d/b/a Cellular One), 18% and 9%, respectively, of the Company's 1995 revenues. The Company's program for Continental Airlines was completed in March 1996 and was not renewed. The Company expects that its three largest clients in 1996, which it anticipates will be AT&T, CompuServe and United Parcel Service, collectively will account for an even greater percentage of the Company's 1996 net revenues. There can be no assurance that the Company will be able to retain its significant clients or that, if it were to lose one or more of its significant clients, it would be able to replace such clients with clients that generate a comparable amount of revenues. Consequently, the loss of one or more of its significant clients could have a material adverse effect on the Company's business, results of operations or financial condition. See "Business--Business Strategy," "-- Markets and Clients," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Substantially all of the Company's significant arrangements with its clients generate revenues based, in large part, on the amount of time which the Company's personnel devotes to such clients' customers. Consequently, and due to the primarily inbound nature of the Company's business, the amount of revenues generated from any particular client is generally dependent upon consumers' interest in, and use of, the client's products and/or services. Furthermore, a significant portion of the Company's expected revenues for 1996 relate to recently-introduced, unproven product or service offerings of the Company's clients, including two significant programs developed for two of the Company's largest clients. There can be no assurance as to the number of consumers who will be attracted to the products and services of the Company's clients and who will therefore need the Company's services, or that the Company's clients will develop new products or services that will require the Company's services.

MANAGEMENT OF GROWTH. The Company has experienced rapid growth over the past several years and anticipates continued future growth. Continued growth depends on a number of factors, including the Company's ability to (i) initiate, develop and maintain new client relationships and expand its marketing operations, (ii) recruit, motivate and retain qualified management and hourly personnel, (iii) rapidly identify, acquire or lease suitable Call Center facilities on acceptable terms and complete build-outs of such facilities in a timely and economic fashion, and (iv) maintain the high quality of the services and products that it provides to its clients. The Company's continued rapid growth can be expected to place a significant strain on the Company's management, operations, employees and resources. There can be no assurance that the Company will be able to maintain or accelerate its current growth, effectively manage its expanding operations or achieve planned growth on a timely or profitable basis. If the Company is unable to manage growth effectively, its business, results of operations or financial condition could be materially adversely affected. See "Business--Growth Strategy," "--Operations" and "--Facilities."

RISKS ASSOCIATED WITH THE COMPANY'S CONTRACTS. Although the Company currently seeks to sign multi-year contracts with its clients, the Company's contracts do not assure the Company a specific level of revenues and they generally do not designate the Company as the client's exclusive service provider. The Company believes maintaining satisfactory relationships with its clients has a more significant impact on the Company's revenues than the specific terms of its client contracts. Certain of the Company's current contracts (representing approximately 36% of the Company's 1995 revenues) have terms of one year or less and there can be no assurance that the clients will renew or extend such contracts. In addition, the Company's contracts are terminable by its clients on relatively short notice. Although many of such contracts require payment of a contractually agreed amount in the event of early termination, there can be no

assurance that the Company will be able to collect such amount or that such amount, if received, will sufficiently compensate the Company for the investment it has made to support the cancelled program or for the revenues it may lose as a result of the early termination. In addition, some of the Company's contracts limit the aggregate amount the Company can charge for its services during the term of the contract and several prohibit the Company from providing services to a direct competitor of a client that are similar to the services the Company provides to such client. Although a few of the Company's more recently executed contracts provide for annual increases in the rates paid by clients in the event of increases in certain cost or price indices, most of the Company's contracts do not include such provisions and some of the contracts currently in effect provide that the service fees paid by clients may be adjusted downward if the performance objectives specified therein are not attained or, at least in one case, in the event of a decrease in a price index. Furthermore, there can be no assurance that the adjustments based upon increases in cost or price indices will fully compensate the Company for increases in labor and other costs that it may experience in fulfilling its contractual obligations. See "Business--Business Strategy," "--Services" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON LABOR FORCE. The Company's success is largely dependent on its ability to recruit, hire, train and retain qualified employees. The Company's industry is very labor intensive and has experienced high personnel turnover. A significant increase in the Company's employee turnover rate could increase the Company's recruiting and training costs and decrease operating effectiveness and productivity. Also, the addition of significant new clients or the implementation of new large-scale programs may require the Company to recruit, hire and train qualified personnel at an accelerated rate. There can be no assurance that the Company will be able to continue to hire, train and retain sufficient qualified personnel to adequately staff new customer care programs. Because a significant portion of the Company's operating costs relate to labor costs, an increase in wages, costs of employee benefits or employment taxes could have a material adverse effect on the Company's business, results of operations or financial condition. In addition, certain of the Company's facilities are located in geographic areas with relatively low unemployment rates, thus potentially making it more difficult and costly to hire qualified personnel. See "Business--Human Resources" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON KEY PERSONNEL. The Company's success to date has depended in large part on the skills and efforts of Kenneth D. Tuchman, the Company's founder, Chairman of the Board, President and Chief Executive Officer. There can be no assurance that the Company will be able to hire or retain the services of other officers or key employees. The loss of Mr. Tuchman or the Company's inability to hire or retain such other officers or key employees could have a material adverse effect on the Company's business, results of operations or financial condition. The Company's success and achievement of its growth plans depend on its ability to recruit, hire, train and retain other highly qualified technical and managerial personnel, including individuals with significant experience in the industries targeted by the Company. The inability of the Company to attract and retain the necessary technical and managerial personnel could have a material adverse effect on the Company's business, results of operations or financial condition. See "Management."

DEPENDENCE ON KEY INDUSTRIES. The Company's clients are concentrated primarily in the telecommunications, technology and transportation industries and, to a lesser extent, the health care and financial services industries. The Company's business and growth is largely dependent on the continued demand for the Company's services from these industries and current trends in such industries to outsource certain customer care services. A general economic downturn in any of these industries or a slowdown or reversal of the trend in any of these industries to outsource certain customer care services could have a material adverse effect on the Company's business, results of operations or financial condition. Additionally, a substantial percentage of the revenues generated by clients in the telecommunications industry relate to the Company's provision of legally required third-party verification of long-distance service sales. The elimination of this requirement as a result of changes in the law could have a material adverse effect on the Company's business, results of operations or financial condition. See "Business--Industry Background" and "--Markets and Clients."

RISK OF BUSINESS INTERRUPTION. The Company's operations are dependent upon its ability to protect its Call Centers, computer and telecommunications equipment and software systems against damage from fire,

power loss, telecommunications interruption or failure, natural disaster and other similar events. In the event the Company experiences a temporary or permanent interruption at one or more of its Call Centers, through casualty, operating malfunction or otherwise, the Company's business could be materially adversely affected and the Company may be required to pay contractual damages to some clients or allow some clients to terminate or renegotiate their contracts with the Company. While the Company maintains property and business interruption insurance, such insurance may not adequately compensate the Company for all losses that it may incur. See "Business--Operations."

RISKS ASSOCIATED WITH TECHNOLOGY. The Company's business is highly dependent on its computer and telecommunications equipment and software systems. The Company's failure to maintain the superiority of its technological capabilities or to respond effectively to technological changes could have a material adverse effect on the Company's business, results of operations or financial condition. The Company's future success also will be highly dependent upon its ability to enhance existing services and introduce new services or products to respond to changing technological developments. There can be no assurance that the Company can successfully develop and bring to market any new services or products in a timely manner, that such services or products will be commercially successful or that competitors' technologies or services will not render the Company's products or services noncompetitive or obsolete. See "Business--Technology."

COMPETITION. The market in which the Company competes is highly competitive and fragmented. The Company expects competition to persist and intensify in the future. The Company's competitors include small firms offering specific applications, divisions of large entities, large independent firms and, most significantly, the in-house operations of clients or potential clients. A number of competitors have or may develop greater capabilities and resources than those of the Company. Similarly, there can be no assurance that additional competitors with greater resources than the Company will not enter the Company's market. Because the Company's primary competitors are the in-house operations of existing or potential clients, the Company's performance and growth could be negatively impacted if its existing clients decide to provide in-house customer care services that currently are outsourced or if potential clients retain or increase their in-house customer service and product support capabilities. In addition, competitive pressures from current or future competitors could cause the Company's services to lose market acceptance or result in significant price erosion, with a material adverse effect upon the Company's business, results of operations or financial condition. See "Business--Competition."

RISKS ASSOCIATED WITH ACQUISITIONS AND JOINT VENTURES. One component of the Company's growth strategy is to pursue strategic acquisitions of companies that have services, products, technologies, industry specializations or geographic coverage that extend or complement the Company's existing business. There can be no assurance that the Company will be able successfully to identify, acquire on favorable terms or integrate such companies. If any acquisition is completed, there can be no assurance that such acquisition will enhance the Company's business, results of operations or financial condition. The Company may in the future face increased competition for acquisition opportunities, which may inhibit the Company's ability to consummate suitable acquisitions on terms favorable to the Company. A substantial portion of the Company's capital resources, including proceeds from the Offering, could be used for acquisitions. The Company may require additional debt or equity financing for future acquisitions, which financing may not be available on terms favorable to the Company, if at all. As part of its growth strategy, the Company may also pursue opportunities to undertake strategic alliances in the form of joint ventures. Joint ventures involve many of the same risks as acquisitions, as well as additional risks associated with possible lack of control of the joint ventures. See "Business--Growth Strategy."

The Company recently acquired Access 24 Service Corporation Pty Limited, an Australian company ("Access 24"). Certain of Access 24's services, now provided as part of the Company's health care and financial services strategic business units ("SBUs"), differ from the traditional outsourcing services of the Company's United States business. The Company also recently entered into a joint venture with a subsidiary of PPP Healthcare Group plc ("PPP") to provide services in the United Kingdom and Ireland similar to those provided by Access 24. The anticipated benefits of the Access 24 acquisition and the joint venture with

PPP, including the successful offering in the United States of services similar to those provided by Access 24, may not be achieved. See "Business--Markets and Clients--Health Care," "Business--Markets and Clients--Financial Services" and "Business--International Operations."

RISK ASSOCIATED WITH INTERNATIONAL OPERATIONS AND EXPANSION. As a result of the recent acquisition of Access 24 and the joint venture with PPP, the Company now conducts business in the United Kingdom, Australia and New Zealand. A key component of the Company's growth strategy is its continued international expansion. There can be no assurance that the Company will be able successfully to market, sell and deliver its services in international markets, or that it will be able successfully to acquire companies, or integrate acquired companies, to expand international operations. In addition, there are certain risks inherent in conducting international business, including exposure to currency fluctuations, longer payment cycles, greater difficulties in accounts receivable collection, difficulties in complying with a variety of foreign laws, unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, political instability and potentially adverse tax consequences. There can be no assurance that one or more of such factors will not have a material adverse effect on the Company's international operations and, consequently, on the Company's business, results of operations or financial condition. See "Business-- Growth Strategy" and "--International Operations."

VARIABILITY OF QUARTERLY OPERATING RESULTS. The Company has experienced, and in the future could experience, quarterly variations in revenues as a result of a variety of factors, many of which are outside the Company's control, including: the timing of new contracts; the timing of new product or service offerings or modifications in client strategies; the expiration or termination of existing contracts; the timing of increased expenses incurred to obtain and support new business; changes in the Company's revenue mix among its various service offerings; and the seasonal pattern of certain of the businesses serviced by the Company. In addition, the Company's planned staffing levels, investments and other operating expenditures are based on revenue forecasts. If revenues are below expectations in any given quarter, the Company's operating results would likely be materially adversely affected for that quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Quarterly Results."

GOVERNMENT REGULATION. Because the Company's current business consists primarily of responding to inbound telephone calls, it is not highly regulated. However, in connection with the limited amount of outbound telemarketing services that it provides, the Company is required to comply with the Federal Communications Commission's rules under the Federal Telephone Consumer Protection Act of 1991 and the Federal Trade Commission's regulations under the Federal Telemarketing and Consumer Fraud and Abuse Prevention Act of 1994, both of which govern telephone solicitation. In the event that the Company decides to expand its outbound telemarketing services, such rules and regulations would apply to a larger percentage of the Company's business. Furthermore, there may be additional federal or state legislation, or changes in regulatory implementation, that limit the activities of the Company or its clients in the future or significantly increase the cost of compliance. Additionally, the Company could be responsible for its failure, or the failure of its clients, to comply with regulations applicable to its clients.

CONTROL BY PRINCIPAL STOCKHOLDER. Following completion of the Offering, Kenneth D. Tuchman, the Company's Chairman, President and Chief Executive Officer, will beneficially own approximately 72.1% of the outstanding shares of Common Stock (approximately 70.5% if the Underwriters' over-allotment is exercised in full). As a result, Mr. Tuchman will continue to be able to elect the entire Board of Directors of the Company and to control substantially all other matters requiring action by the Company's stockholders. Such voting concentration may have the effect of discouraging, delaying or preventing a change in control of the Company. See "Principal and Selling Stockholders."

NO PRIOR PUBLIC MARKET AND POSSIBLE VOLATILITY OF STOCK PRICE. Prior to the Offering, there has been no public market for the Common Stock, and there can be no assurance that an active public market for the Common Stock will develop or be sustained after the Offering. The initial public offering price of the Common Stock offered hereby was determined by negotiations between the Company and the Underwriters based upon several factors. See "Underwriters" for a discussion of the factors considered in determining the initial public offering price. The market price of the Common Stock is likely to be highly volatile and could

be subject to wide fluctuations in response to quarterly variations in operating results, announcements of new contracts or contract cancellations, announcements of technological innovations or new products or services by the Company or its competitors, changes in financial estimates by securities analysts or other events or factors. In addition, the stock market has experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that have often been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. Any such litigation instigated against the Company could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, results of operations or financial condition.

SHARES ELIGIBLE FOR FUTURE SALE. The sale of a substantial number of shares of Common Stock, or the perception that such sales could occur, could adversely affect prevailing market prices of the Common Stock. The Company is unable to make any prediction as to the effect, if any, that future sales of Common Stock or the availability of Common Stock for sale may have on the market price of the Common Stock prevailing from time to time. In addition, any such sale or such perception could make it more difficult for the Company to sell equity securities or equity related securities in the future at a time and price that the Company deems appropriate. Upon completion of the Offering, the Company will have outstanding an aggregate of 55,046,240 shares of Common Stock, excluding shares of Common Stock issuable upon exercise of outstanding options. The Common Stock offered hereby will be freely tradeable (other than by an "affiliate" of the Company as such term is defined under the Securities Act of 1933, as amended (the "Securities Act")) without restriction or registration under the Securities Act. All remaining outstanding shares of Common Stock may be sold under Rule 144 or Regulation S promulgated under the Securities Act, subject to the holding period, volume, manner of sale and other restrictions of Rule 144 or Regulation S and subject in certain cases to 180-day lock-up agreements with the Underwriters. See "Description of Capital Stock," "Shares Eligible for Future Sale" and "Underwriters."

DILUTION. Investors participating in the Offering will incur immediate, substantial dilution. To the extent outstanding options to purchase the Company's Common Stock are exercised, there will be further dilution. See "Dilution."

ANTI-TAKEOVER PROVISIONS. The Board of Directors has the authority to issue up to 10,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any vote or action by the stockholders. The rights of the holders of the Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of the preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. The Company has no present plan to issue any additional shares of preferred stock. Furthermore, certain provisions of the Company's Restated Certificate of Incorporation and By-laws and of Delaware law could delay or make difficult a merger, tender offer or proxy contest involving the Company. See "Description of Capital Stock."

USE OF PROCEEDS

The net proceeds to TeleTech from the sale of the 4,000,000 shares of Common Stock being offered by TeleTech are estimated to be approximately \$, after deducting underwriting discounts and commissions and estimated offering expenses. TeleTech will not receive any proceeds from the sale of shares of Common Stock by the Selling Stockholders. See "Principal and Selling Stockholders." TeleTech intends to use the net proceeds it will receive from the Offering primarily for working capital and general corporate purposes, including the purchase of computer hardware and software needed to equip and open additional Call Centers and expand existing Call Centers. In addition, TeleTech intends to use a portion of the net proceeds of the Offering to repay outstanding short-term indebtedness under its \$15 million unsecured revolving line of credit, which expires on May 31, 1998. Outstanding borrowings under this line of credit bear interest at various rates, selected by TeleTech at the time a draw is made. On May 17, 1996, a total of \$6.0 million was outstanding under this line of credit, of which \$3.5 million bears interest at a rate of 6.6875% and \$2.5 million bears interest at a rate of 6.63%. The proceeds of such outstanding indebtedness have been used by TeleTech for general corporate purposes. See note 6 to the Financial Statements. A portion of the net proceeds also may be used for the acquisition of businesses, products and technologies that extend or complement TeleTech's existing business; however, TeleTech has no current plans, agreements or commitments and is not currently engaged in any negotiations with respect to any such transaction. Pending such uses, TeleTech plans to invest the net proceeds, other than net proceeds used to repay short-term indebtedness, in investment grade, interest bearing securities.

DIVIDEND POLICY

In 1995 TeleTech paid a dividend of approximately \$452,000 to its principal stockholder. TeleTech does not expect to pay dividends on its Common Stock in 1996 or in the foreseeable future. The Board of Directors anticipates that all cash flow generated from operations in the foreseeable future will be retained and used to develop and expand TeleTech's business. Any future payment of dividends will depend upon TeleTech's results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors.

CAPITALIZATION

The following table sets forth as of March 31, 1996 the Company's (i) actual short-term debt and capitalization, (ii) short-term debt and capitalization on a pro forma basis after giving effect to the Preferred Stock Conversion and (iii) short-term debt and capitalization as adjusted to reflect the sale of Common Stock offered hereby (at an assumed initial offering price of \$ per share and after deducting the estimated underwriting discounts and commissions and the Offering expenses payable by the Company) and the application of the net proceeds therefrom as described herein under "Use of Proceeds."

	MARCH 31, 1996		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(UNAUDITED, IN THOUSANDS)		
Short-term debt and current portion of long-term debt.....	\$ 5,819	\$ 5,819	
Long-term debt, net of current portion (1).....	\$ 6,536	\$ 6,536	
Mandatorily redeemable convertible preferred stock, par value \$6.45 per share (2).....	13,079	--	
Stockholders' equity:			
Common stock, par value \$.002 per share (3).....	83	102	
Additional paid-in capital.....	7,401	20,461	
Cumulative translation adjustment.....	141	141	
Restricted stock.....	(380)	(380)	
Retained earnings.....	2,584	2,584	
Total stockholders' equity.....	9,829	22,908	
Total capitalization.....	\$ 29,444	\$ 29,444	

(1) See notes 4, 5 and 7 to the Financial Statements contained elsewhere herein for information regarding the Company's long-term debt.

(2) The 1,860,000 shares of mandatorily redeemable convertible preferred stock, including accrued dividends thereon of \$1.1 million, will be converted into 9,300,000 shares of Common Stock. See note 11 to the Financial Statements contained elsewhere herein.

(3) Does not include 7,750,000 shares reserved for issuance upon exercise of outstanding options under the TeleTech Holdings, Inc. Stock Plan (the "Option Plan") and the TeleTech Holdings, Inc. Directors Stock Option Plan (the "Directors Option Plan") and for future awards thereunder. At May 15, 1996, options to acquire 4,743,500 shares were outstanding under the Option Plan and options to acquire 225,000 shares were outstanding under the Directors Option Plan, which options have a weighted average exercise price of \$4.68 per share and \$5.00 per share, respectively. See "Management--Compensation of Directors," "Management--Executive Compensation" and "TeleTech Stock Option Plan."

DILUTION

The net tangible book value of TeleTech as of March 31, 1996, after giving effect to the five-for-one stock split and the Preferred Stock Conversion, was \$16,635,826, or \$0.33 per share of Common Stock. "Net tangible book value" per share is equal to the aggregate tangible assets of TeleTech less its aggregate liabilities, divided by the total number of shares of Common Stock outstanding on March 31, 1996. After giving effect to the estimated net proceeds to TeleTech of the Offering, the pro forma net tangible book value of TeleTech as of March 31, 1996 would have been approximately \$, or \$ per share of Common Stock. This represents an immediate increase in net tangible book value per share of \$ to existing stockholders and an immediate dilution in net tangible book value per share of \$ to purchasers of Common Stock in the Offering, as illustrated in the following table:

Assumed initial public offering price per share.....		\$
Net tangible book value per share at March 31, 1996.....	\$ 0.33	
Increase in net tangible book value per share attributable to new investors.....		-----
Pro forma net tangible book value per share after the Offering.....		\$

Dilution per share to new investors.....		\$

TeleTech has reserved 7,750,000 shares of Common Stock, as adjusted to reflect the five-for-one stock split of the Company's Common Stock, for issuance upon exercise of outstanding options and future awards. As of May 15, 1996, there were outstanding options to purchase an aggregate of 4,743,500 shares of Common Stock under the Option Plan, at a weighted average price of \$4.68 per share, and outstanding options to purchase an aggregate of 225,000 shares of Common Stock under the Directors Option Plan, at a price of \$5.00 per share. Of the foregoing, options to purchase an aggregate of 472,085 shares of Common Stock are currently exercisable. See "Management--Stock Option Plan" and "Management--Compensation of Directors."

The following table sets forth as of May 15, 1996 the relative investments of the existing TeleTech stockholders and of the new investors, giving pro forma effect to (i) the sale by TeleTech of 4,000,000 shares and the sale by the Selling Stockholders of 2,000,000 shares of the Common Stock being offered hereby, at an assumed offering price of \$ per share, (ii) the five-for-one stock split and (iii) consummation of the Preferred Stock Conversion:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders.....	49,046,240	89%	\$	%	\$
New investors.....	6,000,000	11%		%	
Total.....	55,046,240	100%	\$	100%	
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----

The foregoing table assumes no exercise of the Underwriters' over-allotment option and no exercise of the options outstanding at May 15, 1996. To the extent that any of such options are exercised, there will be further dilution to new investors.

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 Prospectus. The following table presents selected (a) consolidated and combined financial data for TeleTech for (i) the year ended January 31, 1992, which have been derived from reviewed financial statements; (ii) the year ended January 31, 1993, which have been derived from audited financial statements; (iii) the eleven months ended December 31, 1993, which have been derived from financial statements (including those set forth elsewhere in this Prospectus) that have been audited by Gumbiner, Savett, Finkel, Fingleson & Rose, Inc., independent public accountants (formerly Gumbiner, Savett, Friedman and Rose, Inc.); (iv) each of the two years in the period ended December 31, 1995, which are derived from financial statements (including those set forth elsewhere in this Prospectus) that have been audited by Arthur Andersen LLP, independent public accountants; and (v) the three months ended March 31, 1995 and 1996; and (b) unaudited pro forma consolidated financial data for the year ended December 31, 1995. The selected financial data for the three months ended March 31, 1995 and 1996 are derived from unaudited financial statements that, in the opinion of management, include all adjustments, consisting principally of normal recurring accruals, necessary for a fair presentation of such data. The results for the three months ended March 31, 1996 are not necessarily indicative of the results expected for the full fiscal year.

	YEAR ENDED JANUARY 31,		ELEVEN MONTHS ENDED DECEMBER 31,	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1993		1993	1994	1995	1995	1996
	1992					PRO FORMA (1) YEAR ENDED DECEMBER 31, 1995	
	(UNAUDITED)					(UNAUDITED)	(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AND OPERATING DATA)							
STATEMENT OF OPERATIONS DATA:							
Revenues.....	\$ 5,751	\$13,814	\$19,520	\$35,462	\$50,467	\$60,706	\$10,412 \$22,019
Costs of services.....	2,703	7,324	10,726	17,406	27,246	31,239	5,469 11,194
SG&A expenses.....	3,380	6,240	7,956	15,860	18,625	24,908	4,329 8,102
Income (loss) from operations.....	(332)	250	837	2,196	4,596	4,559	614 2,723
Other income (expenses).....	707	(125)	(299)	(481)	2,489(2)	2,784(2)	2,338(2) (464)
Provision for income taxes.....	(161)	(73)	10	(20)	(2,929)	(3,353)	(1,324) (1,001)
Net income.....	214	52	548	1,695	4,156(2)	3,990(2)	1,628(2) 1,258
Pro forma net income.....	214	52	299(3)	1,037(3)	4,156(2)	3,990(2)	1,628(2) 1,258
Pro forma net income per share of Common Stock and equivalents (4).....	--	--	.01(3)	.02(3)	.08(2)	.07(2)	.03(2) .02
Weighted average shares outstanding (4).....	44,085	44,085	44,085	44,085	54,658	54,658	54,586 54,682
OPERATING DATA:							
Number of Call Centers.....	1	1	2	2	3		3 9
Number of workstations.....	300	300	560	560	960		960 3,107

	JANUARY 31,		DECEMBER 31,			MARCH 31, 1996		
	-----		-----			-----		
	1993		1993	1994	1995	ACTUAL	PRO FORMA (5)	
	-----		-----	-----	-----	-----	-----	
1992						PRO FORMA DECEMBER 31, 1995 (1)		
(UNAUDITED)						(UNAUDITED)	(UNAUDITED)	
BALANCE SHEET DATA:								
Working capital								
(deficit).....	\$ 221	\$ (250)	\$ (228)	\$ (780)	\$ 11,305	\$ 8,341	\$ 5,380	\$ 5,380
Total assets.....	2,238	4,617	12,034	10,102	30,583	39,882	49,454	49,454
Long-term debt, net of								
current portion.....	828	1,416	3,528	2,463	3,590	5,468	6,536	6,536
Total stockholders'								
equity.....	338	394	942	2,197	3,791	8,220	9,829	22,908

PRO FORMA AS
ADJUSTED (6)

BALANCE SHEET DATA:
Working capital
(deficit)..... \$
Total assets.....
Long-term debt, net of
current portion.....
Total stockholders'
equity.....

-
- (1) Reflects the consolidated operating results and financial position of Access 24 and its subsidiaries, which were acquired by the Company effective January 1, 1996, as if such acquisition had been completed on January 1, 1995. Costs and expenses of Access 24 have been reflected, for purposes of this presentation, as costs of services.
 - (2) Includes the \$2.4 million pre-tax net proceeds of a one-time payment made by a former client to TeleTech in connection with such client's early termination of a contract.
 - (3) During 1993 and 1994, the Company was an S corporation and, accordingly, was not subject to federal income taxes. Pro forma net income includes a provision for income taxes at an effective rate of 44.4% for the 11 months ended December 31, 1993 and 39.5% for the year ended December 31, 1994.
 - (4) Calculated in the manner described in note 1 to the Financial Statements.
 - (5) Reflects the conversion of 1,860,000 shares of Preferred Stock into 9,300,000 shares of Common Stock pursuant to the Preferred Stock Conversion.
 - (6) Reflects the sale of 4,000,000 shares of Common Stock being offered by TeleTech at an assumed initial price to public of \$ per share (net of approximately \$ million of estimated offering expenses and underwriting discounts and commissions) and the application of the estimated net proceeds therefrom, including repayment of short-term indebtedness. See "Use of Proceeds" and "Capitalization."

PRO FORMA CONSOLIDATED CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma consolidated condensed income statement gives effect to the acquisition of Access 24 as if it had occurred on January 1, 1995 and does not purport to represent what the Company's results of operations actually would have been if such transactions had in fact occurred on such date. See "Business--International Operations." The pro forma adjustments are based on currently available information and upon certain assumptions that management believes are reasonable under current circumstances. The unaudited pro forma consolidated financial information and accompanying notes should be read in conjunction with the Financials Statements and the related notes thereto, and other financial information pertaining to the Company and Access 24 including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--International Operations," included elsewhere in this Prospectus.

YEAR ENDED DECEMBER 31, 1995			
TELETECH			
	ACCESS 24	PRO FORMA	
	(UNAUDITED)	(UNAUDITED)	
(IN THOUSANDS, EXCEPT PER SHARE DATA)			
STATEMENT OF OPERATIONS DATA:			
Revenues.....	\$ 50,467	\$ 10,239	\$ 60,706
Operating expenses.....	45,871	10,276(1)	56,147
Income (loss) from operations.....	4,596	(37)	4,559
Other income.....	2,489	295	2,784
Provision for income taxes.....	(2,929)	(424)	(3,353)
Net income (loss).....	\$ 4,156	\$ (166)	\$ 3,990
Pro forma net income per share.....	\$.08		\$.07
Shares used in computing pro forma net income per share (2).....	54,658		54,658

(1) Includes amortization of \$422,000 of goodwill arising on the Company's acquisition of Access 24, approximately \$300,000 associated with the opening of a Call Center in the United Kingdom and a \$141,000 write-off of an unrecoverable loan associated with the disposition of an unrelated business.

(2) Includes outstanding shares of common stock and common stock equivalents.

OVERVIEW

TeleTech generates its revenues by providing customer care solutions, both from TeleTech-owned Call Centers (traditional outsourcing) and client-owned Call Centers (facilities management). The Company normally bills for its services based on the amount of time Representatives devote to a client's program and revenues are typically recognized as services are provided. The Company seeks to enter into multi-year contracts that cannot be terminated early except upon the payment of a contractually agreed amount. In 1995, revenues from multi-year contracts represented 64% of total revenues. In the second half of 1995, the Company signed large, multi-year contracts with United Parcel Service and CompuServe and obtained additional business from AT&T for programs commencing principally in the first quarter of 1996. Accordingly, management expects revenues from multi-year contracts to increase as a percentage of total revenues in 1996.

TeleTech's profitability is significantly influenced by its Call Center capacity utilization. The Company seeks to optimize new and existing Call Center capacity utilization during both peak and off-peak (night and weekend) periods to achieve maximum fixed cost absorption. The Company carefully plans the development and opening of new Call Centers to minimize the financial impact resulting from excess capacity.

The Company records costs specifically associated with client programs as costs of services. These costs, which include direct labor wages and benefits, telecommunication charges, sales commissions and certain facility costs, are primarily variable in nature. All other expenses of operations, including expenses attributable to technology support, sales and marketing, human resource management and other administrative functions and Call Center operational expenses that are not allocable to specific programs are recorded as selling, general and administrative ("SG&A") expenses. SG&A expenses tend to be either semi-variable or fixed in nature. Historically, the majority of the Company's operating expenses have consisted of labor costs. Accordingly, Representative wage rates, which comprise the majority of the Company's labor costs, have been and are expected to continue to be a key component of the Company's expenses.

The cost characteristics of TeleTech's traditional outsourcing programs differ significantly from the cost characteristics of its facilities management programs. Under facilities management programs, Call Centers are owned by the client but are staffed and managed by TeleTech. Accordingly, facilities management programs have higher costs of services as a percentage of revenues and lower SG&A expenses as a percentage of revenues than traditional outsourcing programs. As a result, the Company expects that its overall gross margin will fluctuate as revenues attributable to traditional outsourcing programs vary in proportion to revenues attributable to facilities management programs. Based on the foregoing, management believes that, for purposes of measuring profitability on a period-to-period basis, operating margin, which is income from operations expressed as a percentage of revenues, may be less subject to fluctuation as the proportion of the Company's business portfolio attributable to outsourcing contracts versus facilities management contracts changes.

TeleTech's revenues and income from operations have grown significantly over the past three years. During this period, the Company's revenues have grown from \$19.5 million for the 11 months ended December 31, 1993 to \$50.5 million for the year ended December 31, 1995 and operating margin has increased from 4.3% in 1993 to 9.1% in 1995. In the first quarter of 1996, the Company's operating margin rose to 12.4%. Management attributes this growth to the successful implementation of the Company's strategy of developing long-term strategic relationships with large corporate clients in targeted industries and the Company's resulting ability to spread its fixed costs over a larger revenue base.

The Company acquired Access 24 and its subsidiaries effective January 1, 1996 for consideration of \$2.3 million cash and 970,240 shares of Common Stock. Access 24's consolidated results of operations are included in the Company's operating results beginning with the first quarter of 1996. The operations of Access 24, which consist of inbound, client-branded customer care services, have been substantially integrated into TeleTech's operations. Access 24 typically bills its clients monthly, based on the number of

customers enrolled in a client's program, pursuant to multi-year agreements. Access 24 is headquartered in Sydney, Australia with Call Centers in Australia and New Zealand. On April 30, 1996, the Company sold a 50% interest in Access 24 Limited, the Company's United Kingdom subsidiary that owns and operates a Call Center in London, for \$3.8 million to PPP Healthcare Group plc, a subsidiary of a large private health insurer in the United Kingdom. The Company anticipates recognizing an after-tax gain of approximately \$1.6 million on this sale in the second quarter of 1996. TeleTech will account for its investment in Access 24 Limited as an unconsolidated subsidiary. See "Business--International Operations" and the Consolidated Financial Statements of Access 24 contained elsewhere in this Prospectus.

During 1993 and 1994, the Company was an S corporation and, accordingly, was not subject to income taxes. Pro forma net income includes a provision for federal income taxes at an effective rate of 44.4% for the 11 months ended December 31, 1993 and 39.5% for the year ended December 31, 1994.

RESULTS OF OPERATIONS

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

	PERIOD ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1993(1)	1994	1995	1995	1996
Revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%
Costs of services.....	54.9	49.1	54.0	52.5	50.8
SG&A expenses.....	40.8	44.7	36.9	41.6	36.8
Income from operations.....	4.3	6.2	9.1	5.9	12.4
Other income (expenses).....	(1.5)	(1.4)	4.9(2)	22.5(2)	(2.1)
Provision for income taxes (3).....	--	--	(5.8)	(12.8)	(4.6)
Net income (3).....	2.8	4.8	8.2(2)	15.6(2)	5.7
Pro forma net income (3).....	1.5	2.9	8.2(2)	15.6(2)	5.7

- (1) Includes only eleven months due to a change in the Company's fiscal year end.
- (2) Includes the \$2.4 million pre-tax net proceeds of a one-time payment made by a former client to TeleTech in the first quarter of 1995 in connection with such client's early termination of a contract (the "One-Time Payment").
- (3) During 1993 and 1994, the Company was an S corporation and, accordingly, was not subject to federal income taxes. Pro forma net income includes a provision for income taxes at an effective rate of 44.4% for the 11 months ended December 31, 1993 and 39.5% for the year ended December 31, 1994.

THREE MONTHS ENDED MARCH 31, 1996 COMPARED TO THREE MONTHS ENDED MARCH 31, 1995

REVENUES. Revenues increased \$11.6 million, or 111.5%, to \$22.0 million for the first quarter of 1996 from \$10.4 million for the first quarter of 1995. This increase resulted from revenues of \$9.6 million generated from new clients and \$3.3 million in revenues of Access 24, which was acquired in the first quarter of 1996. These increases were partially offset by loss in revenues due to the expiration of certain contracts. The Company's program for Continental Airlines was completed in March 1996 and, due to Continental's excess in-house call center capacity, was not renewed. Revenues for the first quarter of 1996 reflect the first period in which the Burbank Call Center, which opened in February 1995, was fully utilized and additional capacity in the Denver Call Center, which was expanded in February 1996.

COSTS OF SERVICES. Costs of services increased \$5.7 million, or 104.7%, to \$11.2 million for the first quarter of 1996 from \$5.5 million for the first quarter of 1995. Costs of services decreased as a percentage of revenues to 50.8% for the first quarter of 1996 from 52.5% for the first quarter of 1995. This change was primarily due to increased productivity as revenues increased at a faster rate than personnel costs.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased \$3.8 million, or 87.2%, to \$8.1 million for the first quarter of 1996 from \$4.3 million for the first quarter of 1995. As a percentage of revenues,

SG&A expenses decreased to 36.8% for the first quarter of 1996 from 41.6% for the first quarter of 1995 reflecting economies of scale associated with spreading fixed and semi-variable costs over a larger revenue base. This decrease primarily resulted from a 3.5% decrease in wage expense as a percentage of revenues.

INCOME FROM OPERATIONS. Operating income increased \$2.1 million, or 343.2% to \$2.7 million in the first quarter of 1996 from \$0.6 million during the first quarter of 1995. Operating income as a percentage of revenues increased to 12.4% in the first quarter of 1996 from 5.9% in the same period in 1995.

OTHER INCOME (EXPENSES). Other income (expenses) decreased \$2.8 million, or (119.8%), to (\$464,000) million for the first quarter of 1996 from \$2.3 million for the first quarter of 1995. This decrease primarily resulted from the One-Time Payment.

NET INCOME. As a result of the foregoing factors, net income decreased \$370,000, or 27.7%, to \$1.3 million for the first quarter of 1996 from \$1.6 million for the first quarter of 1995. Excluding the One-Time Payment, net income for the three months ended March 31, 1995 would have been \$116,000. Accordingly, net income would have increased \$1.1 million, or 984.5%, in the first quarter of 1996 compared to the same period in 1995.

1995 COMPARED TO PRO FORMA 1995

Pro forma 1995 reflects the combined operating results of TeleTech and Access 24, as if Access 24 had been acquired by TeleTech on January 1, 1995. For the 12 months ended December 31, 1995, Access 24 had revenue of \$10.2 million, a loss from operations of approximately \$37,000 and a net loss of \$166,000. The results for such period reflect amortization of \$422,000 of goodwill arising from the Company's acquisition of Access 24, approximately \$300,000 of expenses associated with the opening of a Call Center in the United Kingdom and a \$141,000 write-off of an unrecoverable loan associated with the disposition of an unrelated business. On April 30, 1996, the Company sold a 50% interest in the United Kingdom Call Center to PPP, a large private health insurer in the United Kingdom. See "Business--International Operations."

1995 COMPARED TO 1994

REVENUES. Revenues increased \$15.0 million, or 42.3%, to \$50.5 million in 1995 from \$35.5 million in 1994, reflecting an increase in revenues from existing clients of approximately \$9.7 million and revenues from new clients of approximately \$7.6 million. These increases were partially offset by the expiration without renewal of certain other client contracts. See "Other Income (Expense)" below.

COSTS OF SERVICES. Costs of services increased \$9.8 million, or 56.5%, to \$27.2 million in 1995 from \$17.4 million in 1994. The increase resulted in part from the opening in February 1995 of the Company's Burbank Call Center. Costs of services also increased as a percentage of revenues to 54.0% in 1995 from 49.1% in 1994. The new Call Center was not fully utilized immediately after opening, resulting in an increase in Call Center expenses without a corresponding increase in revenues.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased \$2.8 million, or 17.4%, to \$18.6 million in 1995 from \$15.9 million in 1994. As a percentage of revenues, SG&A expenses decreased to 36.9% in 1995 from 44.7% in 1994. A substantial part of this change resulted from a 4.0% reduction in wage expense as a percentage of revenues.

INCOME FROM OPERATIONS. Income from operations increased \$2.4 million, or 109.3%, to \$4.6 million in 1995 from \$2.2 million 1994. Operating income as a percentage of revenues increased to 9.1% in 1995 from 6.2% in 1994.

OTHER INCOME (EXPENSES). Other income (expenses) increased \$3.0 million to \$2.5 million in 1995 from (\$481,000) in 1994. This increase resulted from the One-Time Payment as well as increased interest income attributable to the \$12.0 million proceeds received by the Company from the sale of Preferred Stock in 1995.

NET INCOME AND PRO FORMA NET INCOME. Net income increased \$2.5 million, or 145.2%, to \$4.2 million in 1995 from \$1.7 million in 1994. As a result of the foregoing factors, net income in 1995 increased \$3.1

million, or 300.7%, to \$4.2 million from pro forma net income of \$1.0 million in 1994. Excluding the One-Time Payment, net income for 1995 would have been \$2.6 million. Accordingly, net income for 1995 would have increased \$1.6 million, or 60%, over pro forma income of \$1.0 million for 1994.

1994 COMPARED TO 1993

During 1993, the Company changed its fiscal year to December 31. As a result, the 1993 fiscal year consists of the eleven months ended December 31, 1993.

REVENUES. Revenues increased \$15.9 million, or 81.7%, to \$35.5 million in 1994 from \$19.5 million in 1993. This increase consisted primarily of \$14.2 million of revenues generated from new clients, with the remaining increase generated from existing clients. The increase reflects a full year of operations of the Denver Call Center, which generated \$13.9 million of revenue in 1994 versus \$2.9 million of revenue in 1993.

COSTS OF SERVICES. Costs of services increased \$6.7 million, or 62.3%, to \$17.4 million in 1994 from \$10.7 million in 1993. Costs of services decreased as a percentage of revenues to 49.1% in 1994 from 55.0% in 1993. Much of this percentage decrease resulted from an increased proportion of services being performed in 1994 for higher-margin client programs compared to in 1993.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased \$7.9 million, or 99.3%, to \$15.9 million in 1994 from \$8.0 million in 1993. SG&A expenses increased as a percentage of revenues to 44.7% in 1994 from 40.8% in 1993. Much of this increase resulted from increased compensation expense associated with growth in administrative functions necessary to support projected expansion.

INCOME FROM OPERATIONS. Income from operations increased \$1.4 million, or 162.1%, to \$2.2 million in 1994 from \$837,000 in 1993. Operating income as a percentage of revenues increased to 6.2% in 1994 from 4.3% in 1993.

PRO FORMA NET INCOME. As a result of the foregoing factors, and a decrease in the effective tax rate to 39.5% for the year ended December 31, 1994 from 44.4% for the 11 months ended December 31, 1993, pro forma net income increased \$738,000, or 247.2%, to \$1.0 million in 1994 from \$299,000 in 1993.

QUARTERLY RESULTS

The information set forth below is derived from unaudited quarterly operating results of the Company for each quarter of 1994 and 1995 and the first quarter of 1996. The data has been prepared by the Company on a basis consistent with the Financial Statements included elsewhere in this Prospectus and includes all adjustments, consisting principally of normal recurring accruals, that the Company considers necessary for a fair presentation thereof. These operating results are not necessarily indicative of the Company's future performance.

	THREE MONTHS ENDED							
	1994				1995			
	MAR 31	JUN 30	SEP 30	DEC 31	MAR 31(1)	JUN 30	SEP 30	DEC 31
	(IN THOUSANDS, EXCEPT PER SHARE DATA)							
Revenues.....	\$ 8,976	\$ 8,406	\$ 8,080	\$ 10,000	\$ 10,412	\$ 11,879	\$ 12,692	\$ 15,484
Costs of services.....	4,715	4,314	3,719	4,658	5,469	6,407	6,899	8,471
SG&A expenses.....	3,556	4,014	3,702	4,588	4,329	4,265	4,575	5,456
Income from operations.....	705	78	659	754	614	1,207	1,218	1,557
Other income (expenses).....	(118)	(154)	(102)	(107)	2,338(1)	35	38	78
Provision for income taxes.....	(15)	3	(2)	(6)	(1,324)	(449)	(394)	(762)
Net income.....	572	(73)	555	641	1,628	793	862	873
Pro forma net income (2).....	359	(49)	336	391	1,628	793	862	873
Pro forma net income per share...	.01	--	.01	.01	.03	.01	.02	.02
Weighted average shares outstanding.....	44,085	44,085	44,085	44,085	54,586	54,682	54,682	54,682

1996	
MAR 31	
Revenues.....	\$ 22,019
Costs of services.....	11,194
SG&A expenses.....	8,102
Income from operations.....	2,723
Other income (expenses).....	(464)
Provision for income taxes.....	(1,001)
Net income.....	1,258
Pro forma net income (2).....	1,258
Pro forma net income per share...	.02
Weighted average shares outstanding.....	54,682

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

	THREE MONTHS ENDED								
	1994				1995				1996
	MAR 31	JUN 30	SEP 30	DEC 31	MAR 31	JUN 30	SEP 30	DEC 31	MAR 31
Revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Costs of services.....	52.5	51.3	46.0	46.6	52.5	53.9	54.4	54.7	50.8
SG&A expenses.....	39.6	47.8	45.8	45.9	41.6	35.9	36.0	35.2	36.8
Income from operations....	7.9	0.9	8.2	7.5	5.9	10.2	9.6	10.1	12.4
Other income (expenses)...	(1.3)	(1.8)	(1.3)	(1.0)	22.4(1)	0.3	0.3	0.5	(2.1)
Provision for income taxes.....	0.2	--	--	--	(12.7)	(3.8)	(3.1)	(4.9)	(4.6)
Net income.....	6.4	(0.9)	6.9	6.5	15.6(1)	6.7	6.8	5.7	5.7
Pro Forma net income.....	4.0	(0.6)	4.2(2)	3.9(2)	15.6	6.7	6.8	5.7	5.7

(1) Includes the One-Time Payment.

(2) During 1993 and 1994, the Company was an S corporation and, accordingly, was not subject to federal income taxes. Pro forma net income includes a provision for income taxes at an effective rate of 44.4% for the 11 months ended December 31, 1993 and 39.5% for the year ended December 31, 1994.

The Company has experienced and in the future could experience quarterly variations in revenues as a result of a variety of factors, many of which are outside the Company's control, including: the timing of new contracts, the timing of new product or service offerings or modifications in client strategies; the expiration or termination of existing contracts; the timing of increased expenses incurred to obtain and support new business; changes in the Company's revenue mix among its various service offerings; and the seasonal pattern of certain of the businesses serviced by the Company. In addition, the Company's planned staffing levels, investments and other operating expenditures are based on revenue forecasts. If revenues are below expectations in any given quarter, the Company's financial results would likely be materially adversely affected for that quarter.

For the quarterly periods in 1994, revenues fluctuated principally due to a reduction in services provided for, and the ultimate termination of, a large client program in the first half of 1994. The decrease in revenues from this client program was partially offset by revenues from new client programs throughout 1994 and fully offset in the fourth quarter of 1994 by revenues relating to increased services for new and existing clients. The quarterly revenue increases throughout 1995 and the first quarter of 1996 reflect increased services provided for existing clients and the addition of certain new programs.

In 1994, costs of services declined from 52.5% of revenues in the first quarter to 46.6% in the fourth quarter due to the implementation of certain higher margin programs as well as the lower wages that were paid to Representatives during the training phase of several new programs. The increase in costs of services from 46.6% of revenues in the fourth quarter of 1994 to 52.5% in the first quarter of 1995 resulted from a change in the allocation of certain costs from SG&A expenses to costs of services. For the final three quarters of 1995, costs of services ranged between 53.9% and 54.7% of revenues, but declined to 50.8% in the first quarter of 1996 due to increased productivity resulting from higher Call Center capacity utilization.

SG&A expenses increased from 39.6% of revenues in the first quarter of 1994 to 47.8% in the second quarter of 1994 due to a lower revenue base, costs associated with the relocation of the Company's corporate offices to Denver, Colorado and increased management staffing to support the Company's growth. SG&A expenses decreased to 45.8% of revenues in the third quarter of 1994, due principally to lower travel and advertising costs, and 45.9% of revenues in the fourth quarter of 1994 as fixed and semi-variable costs were spread over a larger revenue base. Despite a shift of certain costs from SG&A expenses to costs of services in the first quarter of 1995, SG&A expenses as a percentage of revenues were essentially unchanged due to increased overhead costs associated with establishing the Company's Burbank Call Center without a corresponding increase in revenues for the first quarter of 1995. Once the Burbank Call Center became fully operational in the second quarter of 1995, SG&A expenses as a percentage of revenues ranged from 35.2% to 36.8% from the second quarter of 1995 through the first quarter of 1996.

Income from operations fluctuated within the quarterly periods primarily based on the factors noted above. Additionally, other income (expenses) increased to \$2.3 million in the first quarter of 1995 due to the One-Time Payment. The provision for income taxes in the first quarter of 1995 reflects the impacts of the One-Time Payment and the Company's change from an S corporation to a C corporation.

LIQUIDITY AND CAPITAL RESOURCES

Historically, TeleTech has funded its operations and capital expenditures primarily through cash flow from operations, borrowings under several lines of credit and the sale of \$12.0 million of Preferred Stock in January 1995. The Company has a \$15.0 million unsecured revolving operating line of credit, which expires on May 31, 1998. Borrowings under this line bear interest at various rates that are selected by TeleTech each time a draw is made. At May 17, 1996, outstanding borrowings under this facility were \$6.0 million, which accrue interest at rates varying from 6.63% to 6.6875%. Borrowings under this line have been made primarily to fund working capital. Under this line of credit, the Company has agreed to maintain certain financial ratios and has agreed that, during any fiscal year during which the line remains in place, it will not incur operating lease expenses or make investments in fixed assets or in capital leases in excess of \$15.0 million in the aggregate.

In addition, the Company has two master lease agreements. Under one agreement, the Company may lease equipment up to an aggregate value of \$15.0 million. As of March 31, 1996, amounts outstanding under this agreement were approximately \$3.4 million. Lease rates under this agreement are based upon a 125 basis points spread over 3-year U.S. Treasury notes. Under the second agreement, the Company's borrowings are approved, and specific terms are set, on a case-by-case basis. As of March 31, 1996, the total amount outstanding under this agreement was approximately \$921,855.

Cash provided by operating activities was \$1.5 million for the first quarter of 1996, \$4.1 million in 1995 and \$3.6 million in 1994. From the beginning of 1994 through the first quarter of 1996, the Company generated an aggregate of \$9.3 million in cash from operating activities, consisting of \$12.0 million of total net income before depreciation, amortization and other non-cash charges, offset in part by \$(2.7) million changes in working capital. Changes in working capital consist primarily of fluctuations in accounts receivable, accounts payable and accruals arising from the growth of the Company's operations.

The amount of cash used by the Company in investing activities was \$3.0 million for the first quarter of 1996 and \$12.1 million and \$1.9 million for 1995 and 1994, respectively. In the first quarter of 1996, the Company's capital expenditures were \$3.3 million and the Company used \$2.3 million for the Access 24 acquisition while short-term investments decreased by \$2.5 million. In 1995, the Company's capital expenditures were \$1.7 million and the Company's short-term investments increased by \$10.4 million. In 1994, capital expenditures were \$1.9 million. Historically, capital expenditures have been, and future capital expenditures are anticipated to be, primarily for the development of Call Center facilities and the acquisition of equipment to support expansion of the Company's existing Call Centers and expansion of and improvements to the Company's call and data management systems and management information systems. Capital expenditures, including new capital leases, equaled \$5.8 million and \$2.1 million in 1995 and 1994, respectively. The Company currently expects to make capital expenditures in 1996 of approximately \$26 million, \$3.3 million of which was spent during the first quarter.

Cash provided by financing activities for the first quarter of 1996 was \$2.1 million, representing borrowings on the Company's line of credit, net of capital lease payments. In 1995, cash provided by financing activities of \$8.0 million resulted primarily from the sale of \$12.0 million of Preferred Stock in January 1995, which was partially offset by \$2.8 million of loan repayments, tax distributions and dividends paid by the Company to its principal stockholder. In 1994, the Company used \$1.7 million for financing activities, consisting primarily of repayments on the Company's bank line of credit and other long-term debt.

The Company believes that the net proceeds of the Offering, together with cash from operations, existing cash and available borrowings under its line of credit and master lease agreements, will be sufficient to finance the Company's current operations, planned capital expenditures and anticipated growth at least through 1997. 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. Any sale of additional equity or equity-related securities could result in additional dilution to the Company's stockholders.

BUSINESS

TeleTech is a leading provider of customer care solutions for Fortune 1000 companies. Customer care encompasses a wide range of customer acquisition, retention and satisfaction programs designed to maximize the lifetime value of the relationships between TeleTech's clients and their customers. TeleTech's customer care programs involve all stages of the customer lifecycle and usually consist of a variety of customer service and technical and product support activities, such as product information, program enrollment, help desk support, account inquiries, problem resolution and satisfaction assessments. TeleTech works closely with its clients to rapidly design and implement large scale, tailored customer care programs that provide integrated, comprehensive solutions to specific business needs.

TeleTech delivers its customer care services primarily through customer-initiated ("inbound") telephone calls and also over the Internet. Services are provided by trained customer care representatives ("Representatives") in TeleTech call centers ("Call Centers") in response to an inquiry that a customer makes by calling a toll-free telephone number or by sending an Internet message. Representatives respond to these inquiries utilizing state-of-the-art workstations that leverage TeleTech's advanced technology platform and enable them to provide rapid, single-call resolution. This platform incorporates digital switching, client/server technology, object-oriented software modules, relational database management systems, proprietary call tracking management software, computer telephony integration ("CTI") and interactive voice response (IVR). TeleTech's services generally are provided on either a fully outsourced or facilities management basis.

TeleTech seeks to establish long-term, strategic relationships, typically formalized by multi-year contracts, with selected clients in the telecommunications, technology, transportation, health care and financial services industries. TeleTech targets clients in these industries because of their complex product and service offerings and large customer bases, which require frequent, often sophisticated, customer interactions. The Company recently entered into significant, multi-year contracts with CompuServe and United Parcel Service and has obtained additional business from AT&T. Additional clients include Apple Computer, Bell Atlantic, Novell, NYNEX and Wells Fargo Bank.

The Company was founded in 1982 and has been providing inbound customer care solutions since its inception. Since January 1995, the Company has opened, acquired or initiated management of seven Call Centers. As of April 30, 1996, TeleTech owned, leased or managed nine Call Centers in the United States, the United Kingdom, Australia and New Zealand equipped with a total of 4,560 state-of-the-art workstations. TeleTech currently plans to open two additional Call Centers and expand an existing Call Center by the end of 1996. In the first quarter of 1996, approximately 95% of the Company's call handling revenues were derived from inbound inquiries. TeleTech's revenues increased 42.3% to \$50.5 million in 1995 from \$35.5 million in 1994. In the first quarter of 1996 revenues increased 111.5% to \$22.0 million from \$10.4 million in the same period of 1995.

INDUSTRY BACKGROUND

Companies today are finding it increasingly difficult to satisfy their customers' needs for service and information. As products and services become more complex and product and service choices multiply, customers require more information to make intelligent purchase decisions and to use products and services properly. In addition, customers have less time to shop for, evaluate and learn how to use new products and services, driving demand for faster and better service. While these trends have been evolving, the burden of providing personalized customer service has largely shifted from traditional retailers to product manufacturers and service providers. Also, many companies have realized that retaining customers generally is more profitable than acquiring new customers. As a result of these and other factors, the Company believes that customer care has become a clear competitive differentiator and that consumers increasingly consider the relative effectiveness, ease of use and responsiveness of customer service and product support when evaluating comparable products or services.

Many companies find it difficult to provide high quality customer service and product support without diverting significant resources away from their core businesses. Historically, companies have provided

customer service in-house because they believed that the "customer interface" was too critical to be outsourced. Many now acknowledge that they do not have the core competencies or are unwilling to invest the substantial resources necessary to provide high quality, inbound customer care services on a timely, cost effective basis. As a result, a large and rapidly growing customer care outsourcing industry has emerged. Industry sources estimate that telephone-based direct marketing expenditures were \$80 billion in 1995 with roughly 95% of the industry comprised of captive (in-house) telemarketing organizations. Management believes that large corporations are increasingly outsourcing their telephone-based marketing and customer services activities as part of an overall effort to focus internal resources on their core competencies, improve operating efficiencies and reduce costs. This is particularly true in industries that are undergoing deregulation and increased competition.

Although there are many independent teleservices firms, most are small, single facility operations that primarily provide outbound services. Many currently do not have the financial resources, industry expertise, technological capabilities, human resources or facilities to provide high-quality, inbound customer care. TeleTech believes that companies considering outsourcing their customer care activities increasingly are seeking a strategic partner that can understand their business, can provide a comprehensive range of services, and has the flexibility, scalability, management expertise, facilities and technological and educational resources to serve their customers' long-term needs effectively and efficiently.

THE TELETECH SOLUTION

TeleTech develops and implements strategic customer care solutions designed to improve the lifetime value of its clients' customers by enhancing customer satisfaction and promoting long-term loyalty, which in turn can increase each client's revenues and profitability. The Company devotes significant resources to understanding a client's industry, products, services, processes and culture and then designs programs to (i) improve the quality of customer interactions, (ii) capture customer data and feedback, (iii) reduce the operating costs associated with the delivery of customer service and product support, (iv) minimize the client's required investment in and technology risks associated with operating in-house call centers, (v) eliminate the need to manage large numbers of call center employees and (vi) enable clients to focus on their core competencies. These programs address inbound customer interactions in a manner that is seamless with the client's operations and transparent to the customers. TeleTech effectively delivers these programs by rapidly deploying the technology and human resources required to implement and manage comprehensive, integrated customer care solutions.

TeleTech strives to be a strategic partner to its clients. TeleTech believes that its willingness to invest resources to identify the customer needs of a potential client and its ability to quickly understand the fundamental operations of a client's business differentiate TeleTech from its competitors and enable it to offer unique and effective customer care solutions. By fully understanding a client's industry, products, services, processes and culture, TeleTech can design customized solutions that add value to a client's day-to-day interactions with its customers. Additionally, TeleTech's responsive, flexible and scalable technology platform enables it to design customer care programs that can be adapted quickly and cost effectively to meet changing client and customer needs. TeleTech's open-systems, client/server technology can be integrated with its clients' information systems, enabling data captured from customer interactions to be reviewed and analyzed by TeleTech and its clients on a real-time basis.

BUSINESS STRATEGY

Key elements of the Company's business strategy are to:

ENHANCE CLIENTS' RELATIONSHIPS WITH THEIR CUSTOMERS THROUGH INNOVATIVE CUSTOMER CARE SOLUTIONS

The Company believes that enhancing the client's relationship with its customers at each stage of the customer lifecycle is crucial to providing a value-added solution to a client's customer service and product support needs. TeleTech works closely with its clients to identify the particular needs of their customers, design appropriate solutions and implement specially tailored customer care programs. TeleTech's solutions are designed to be cost effective and to improve the quality of customer interactions and foster lifetime

customer loyalty. As part of its integrated solutions, TeleTech collects and disseminates customer information to enable its clients to analyze and better manage their customer bases while identifying new revenue generating opportunities.

DEVELOP LONG-TERM STRATEGIC RELATIONSHIPS WITH LARGE CLIENTS IN TARGETED INDUSTRIES

TeleTech seeks to develop long-term strategic relationships with large corporate clients in targeted industries. The Company focuses on industries containing companies with complex product and service offerings and with large customer bases that require frequent, often sophisticated, customer interactions. In establishing long-term strategic relationships with its clients, TeleTech seeks to enter into multi-year contracts that generate recurring revenues for TeleTech and allow the Company to leverage its technology, human resource and training investments. The Company has established strategic business units ("SBUs"), with specialized business development personnel, that target the telecommunications, technology, transportation, health care and financial services industries.

APPLY FLEXIBLE, INNOVATIVE TECHNOLOGICAL SOLUTIONS

TeleTech's technological expertise and scalable open-systems, client/server architecture enable the Company to rapidly design customized customer care programs, achieve seamless integration with its clients' information systems and adapt quickly to new technologies. The Company seeks to differentiate itself from in-house and other outsourced competitive service providers by creatively employing hardware configurations and software applications to add flexibility and responsiveness to its clients' customer service and product support processes. TeleTech leverages its experience in the development of customized software applications by combining industry-leading operating software with its extensive library of proprietary, object-oriented applications to rapidly and cost-effectively design intuitive, user-friendly custom software applications.

IMPLEMENT AND MAINTAIN SUPERIOR OPERATIONAL PROCESSES

To manage its growth and provide high levels of client service, the Company is committed to implementing and maintaining superior operational processes capable of efficiently executing customer care programs. Recognizing that it is providing one of the client's most important and sensitive functions, the Company adheres to a rigorous framework of quality processes based on ISO 9002, an internationally recognized series of quality assurance standards, to ensure successful on-going delivery of client programs. The Company designs and builds its Call Centers based on a standardized model to provide efficient, fully-integrated operations while increasing employee productivity. By linking its Call Centers together into a seamless wide area network (WAN), the Company also ensures rapid transfer of voice and data information to provide additional call capacity and disaster recovery, as needed.

MAINTAIN EXCELLENCE IN HUMAN RESOURCE AND CALL CENTER MANAGEMENT

The Company believes that its ability to attract, hire, train and manage its employees and efficiently manage its Call Centers is critical to its ability to develop new and maintain existing long-term client relationships. TeleTech uses proprietary software to automate much of its hiring, training, quality assurance and staffing management functions. In an effort to reduce turnover and improve the quality of its services, the Company devotes significant resources to attracting and hiring skilled employees and provides extensive initial and on-going product and service training. The Company's Representatives generally are full-time and dedicated to a single client program. Representatives receive from one to five weeks of on-site training in TeleTech's or the client's training facilities before handling customer interactions, plus a minimum of six to eight hours per month of ongoing training. Representatives often receive supplemental laboratory training as needed to provide a specific customer service successfully.

GROWTH STRATEGY

The Company's growth strategy is designed to capitalize on the increasing demand for outsourced customer care solutions and to maintain and expand its leadership position in its industry. The Company's primary growth strategies are to:

EXPAND SERVICES PROVIDED TO EXISTING CLIENTS AND ESTABLISH NEW RELATIONSHIPS IN TARGETED INDUSTRIES

The Company believes it has substantial opportunities to expand services provided to existing clients and obtain new clients within its currently targeted industries. Specifically, the Company is focusing on opportunities to expand existing programs while cross-selling TeleTech's services to other divisions or operations within its existing clients' organizations. For example, TeleTech implemented its initial program for AT&T in 1991 and has since expanded its relationship to include four separate programs for various AT&T products and services. As part of its SBU strategy, the Company also is focusing on developing new relationships with companies within its targeted industries.

DEVELOP NEW PRODUCTS AND SERVICES

Continued rapid technological advances, coupled with the on-going evolution in retail and product distribution trends, will create new opportunities for TeleTech. TeleTech expects that the proliferation of new interactive media will provide more sophisticated customer interactions and additional opportunities to provide expanded services to customers. TeleTech intends to capitalize on these trends by developing new products and services, such as database marketing solutions and real-time interactive support for Web sites on the Internet.

EXPAND INTO NEW INDUSTRIES AND GEOGRAPHIC MARKETS

TeleTech has identified additional industries that are experiencing many of the same trends affecting its currently targeted industries and may establish new SBUs to focus on evolving market opportunities. In addition, the Company believes that trends toward increased customer care and recognition of the benefits of outsourcing, which have been experienced in the U.S., are occurring in international markets. TeleTech also believes that many multi-national companies, including several of its existing clients, are seeking a single provider of world-wide customer care solutions. To capitalize on these international opportunities, the Company intends to further expand its operations outside of the United States.

SELECTIVELY PURSUE COMPLEMENTARY ACQUISITIONS

The Company may selectively acquire complementary companies that extend its presence into new geographic markets or industries, expand its client base, add new product or service applications or provide substantial operating synergies. The Company believes that there will be many potential domestic and international acquisition opportunities as the teleservices industry consolidates and as large corporations consider selling their existing call center facilities and operations. For example, the Company may consider acquiring a primarily outbound teleservices provider that could provide substantial operating synergies and improve Call Center utilization during the currently underutilized off-peak (night and weekend) periods resulting from the Company's focus on inbound interactions.

SERVICES

TeleTech offers a wide range of services designed to provide superior customer care. An integral component of these services is process reengineering, by which the Company develops and applies enhanced processes to make a client's customer service or product support processes more cost-effective, productive and valuable. At the start of a potential new client relationship, TeleTech assesses the client's existing capabilities, goals and strategies, customer service or product support processes and related software, hardware and telecommunications systems and training. After presenting a proposed solution and being awarded a contract, TeleTech works closely with the client to further develop, refine and implement more efficient and productive customer interaction processes and technological solutions that seamlessly link the customer, the client and TeleTech. These processes generally include the development of event-driven software programs for the dynamic scripting of telephone interactions, where script flow is predicated on variables in the customer file or on the Representative's interaction with the customer.

Following the design and development of a customer care program, Representatives provide a wide range of on-going voice and data communications services integrating customer acquisition, service and retention and satisfaction and loyalty programs. In a typical inbound customer interaction, a customer calls a toll-free number to request product, service or technical information or assistance. TeleTech's advanced telecommunications system automatically identifies each inbound call by its telephone number and routes the call to the appropriate Representative that is trained for that particular client program. Upon receipt of the call, the Representative's computer screen automatically displays the client's specific product, service or technical information to enable the Representative to assist the customer.

Each customer interaction, even in its simplest form, presents TeleTech and its clients with an opportunity to capture valuable customer information, including the customer's demographic profile and preferences. This information can prompt the Representative to make logical, progressive inquiries about the customer's interest in additional services, identify additional revenue and cross-selling opportunities or resolve other customer issues relating to a client's products or services. TeleTech frequently provides several of the services listed below in an integrated program tailored to its clients' needs.

CUSTOMER ACQUISITION PROGRAMS. Customer acquisition programs are designed to secure new customers and can include a wide range of activities depending upon the customer inquiry. A sampling of these services includes:

- providing pre-sales product or service education
- processing and fulfilling information requests for product or service offerings
- verifying sales and activating services
- directing callers to product or service sources
- receiving orders for and processing purchases of products or services
- providing initial post-sales support, including operating instructions for new product or service use

TeleTech's current customer acquisition programs do not include outbound "cold calling," which is an outsourcing service typically provided by traditional telemarketing firms.

CUSTOMER SERVICE AND RETENTION PROGRAMS. Customer service and retention programs are designed to maintain and extend the customer relationship and maximize lifetime customer value. These programs are generally driven by the customer's receipt of a product or service, or by the customer's need for on-going help-desk resources. The majority of the Company's revenues are generated in the provision of customer service and retention programs. A sampling of these services includes:

- providing technical help desk, product or service support
- activating product or service upgrades
- responding to billing and other account inquiries
- resolving complaints and product or service problems
- registering warranty information
- dispatching on-site service

CUSTOMER SATISFACTION AND LOYALTY PROGRAMS. Customer satisfaction and loyalty programs are designed to enable clients to learn from their customers, to be more responsive to the customer's needs and concerns and to reward customers for their continued patronage. A sampling of these services includes:

- responding to client promotional, affinity-building initiatives
- developing and implementing client-branded loyalty programs
- conducting satisfaction assessments

- confirming receipt of promised products or services
- reserving and reconfirming space at product or service seminars

An example of a client-branded loyalty program is TeleTech's Emergency Home Assist, which it implements for many of Australia's leading insurers and financial institutions. Under Emergency Home Assist, if, for example, a storm damages the roof of a customer insured by a TeleTech client, the customer calls the toll-free number provided by the client. A Representative answers the telephone on the client's behalf and contacts, books and dispatches tradesmen to the customer's home to make repairs, while simultaneously opening an insurance claims file. TeleTech's insurance company client, which directly pays the tradesmen's invoices, is positioned as a caring, total solution provider, rather than just a reimbursement agent. In addition, the insurer is able to control costs by its early intervention and contracting in advance with qualified tradesmen to provide services at a reasonable price.

MARKETS AND CLIENTS

TeleTech focuses its marketing efforts on Fortune 1000 companies in the telecommunications, technology, transportation, health care and financial services industries. To provide effective customer care solutions, TeleTech has developed a separate SBU to serve each of these industries. Each SBU is comprised of business development personnel, systems engineers, application specialists and other support personnel, most of whom have prior industry experience. Each SBU is responsible for developing and implementing customized, industry-specific customer service and product support.

TELECOMMUNICATIONS. The Telecommunications SBU primarily services long-distance carriers, regional telephone companies, wireless providers and cable operators. Services include verifying long-distance service sales, responding to customer inquiries, providing consumer and business telephone service account management and providing on-going product and service support. Clients include AT&T, NYNEX and Bell Atlantic. TeleTech believes that the Telecommunications Act of 1996 and the development of new wireless products, including products and services utilizing personal communication services (PCS) technology, will expand the breadth of product and service offerings that will require customer service and support and will create additional demand for TeleTech's services.

TECHNOLOGY. The growth of high technology product offerings and service introductions, including Internet-related products and services, has increased demand for consumer and technical product support services. Clients include AT&T, CompuServe, Apple and Novell. The Company currently provides telephone and real-time, on-line interactive support to subscribers of CompuServe's WOW! service and to customers of AT&T. TeleTech intends to leverage its technological capabilities on the Internet and is exploring business opportunities related to new interactive media.

TRANSPORTATION. TeleTech's Transportation SBU provides a variety of services to clients in the package delivery and travel industries. In October 1995, TeleTech was awarded a contract to manage several Call Centers and provide customer service and support on behalf of United Parcel Service, one of the nation's largest parcel delivery companies. Under its five-year contract, TeleTech will provide services to United Parcel Service from three Call Centers leased by United Parcel Service but staffed and managed by TeleTech. TeleTech also provides reservation call handling services for Reno Air and Midway Airlines. See "--Case Study."

HEALTH CARE. TeleTech provides customer care solutions on behalf of health care providers in the United Kingdom, Australia and New Zealand, including Medical Benefits Funds of Australia Limited, Hospital Benefits Fund of Western Australia, Inc., Southern Cross Medical Care Society and PPP. These services include emergency and non-emergency medical information and referral services, neonatal information and assistance to parents of newborns, information about drug interventions, referrals to community support organizations such as home care, child care and counseling options, and medical claims review services. The Company provides these services to customers by means of telephone access to registered nurses, counselors, pharmacists, medical librarians, dieticians and other specially trained Representatives. TeleTech believes that there are substantial opportunities to introduce comparable services in the U.S. market. See "--International Operations."

FINANCIAL SERVICES. TeleTech is developing new and more responsive delivery capabilities to satisfy the demands of financial institutions seeking to reduce customer reliance on face-to-face interactions and increase customer utilization of electronic and telephone banking and automated teller machines. From its Call Centers in Australia and New Zealand, TeleTech provides customer care solutions to customers of insurance company and automobile club clients, such as Mercantile Mutual Insurance (Australia) Ltd, Zurich Australian Insurance Ltd and Royal Automobile Club of Victoria (RACV) Insurance Pty Ltd. Solutions include emergency home repair assistance, responding to customer inquiries regarding property damage and insurance coverage, procuring emergency roadside automobile and medical assistance and facilitating motor vehicle claims. TeleTech believes that many of these customer care solutions are readily transferable to the U.S. market. See "--International Operations."

CASE STUDY

In 1994, United Parcel Service operated regional Customer Service Telephone Centers across the United States that provided customers with information regarding package pick-ups and deliveries, package tracking and tracing and rate information. To re-engineer its telephone-based customer service and support strategy, United Parcel Service consolidated these regional centers into seven national centers and decided to outsource the facilities management and staffing functions. United Parcel Service benchmark studies led to the conclusion that this reengineering would result in significant quality improvements while creating a more efficient and much less costly operation.

In October 1995, after a competitive bidding process, TeleTech was awarded a multi-year contract to staff and manage three United Parcel Service customer service telephone centers and was granted the option to manage a fourth facility if United Parcel Service requires additional capacity. By April 1996, TeleTech began operating Call Centers in Tucson, Arizona and Greenville, South Carolina. The third Call Center, located in Tampa, Florida, is scheduled to open in June 1996.

Telephone calls from United Parcel Service customers primarily consist of customer service and package tracking inquiries. TeleTech Representatives assist customers by scheduling package pick ups, tracking packages, calculating shipping rates, explaining package insurance options, describing types of service and rates and answering other types of inquiries.

TeleTech recruits, interviews, hires, and trains all personnel for the United Parcel Service Call Centers. To manage the considerable human resources and facilities management tasks associated with a customer care and support program of this magnitude and complexity, TeleTech identified and hired a separate project management team to launch and direct the program. In addition, the Company devised an innovative incentive and gain-sharing plan to motivate TeleTech personnel. TeleTech has introduced automated quality control processes, electronic applicant screening and assessment, and is working in concert with United Parcel Service to develop innovative technology to further optimize the call handling process.

SALES AND MARKETING

As most companies consider the customer care function to be critical, the Company's business development personnel generally focus their marketing efforts on potential clients' senior executives. TeleTech hires business development personnel and employees for each SBU who have substantial industry expertise and can identify and generate sales leads.

TeleTech employs a consultative approach to assess the current and prospective strategic needs of a potential client. Following initial discussions with a client, a carefully chosen TeleTech team, usually comprised of applications and systems specialists, operations experts, human resources professionals and other appropriate SBU management personnel, thoroughly studies the client's operations. The Company invests significant resources during the development of a client relationship to understand the client's existing customer service processes, culture, decision parameters and goals and strategies. TeleTech assesses the client's customer care needs and, with input from the client, develops and implements tailored customer care solutions.

As a result of its consultative approach, TeleTech can identify new revenue generating opportunities, customer communication possibilities and product or service improvements previously overlooked or not

adequately addressed by the client. TeleTech's technological capabilities enable it to develop working prototypes of proposed customer care programs and to rapidly implement strategic customer care solutions, generally with minimal capital investment by the client.

TeleTech generally provides customer care solutions pursuant to written contracts with terms ranging from one to five years, which often contain renewal or extension options. Under substantially all of its significant contracts, TeleTech generates revenues based on the amount of time Representatives devote to a client's program. In addition, clients typically are required to pay fees relating to TeleTech's training of Representatives to implement the client's program, set-up and management of the program, and development of computer software and technology. Many of TeleTech's contracts also require the client to pay TeleTech a contractually agreed amount in the event of early termination. When negotiating new contracts, TeleTech strives to obtain a contract term of at least two years and contractual provisions adjusting the amount of TeleTech's fees if there are significant variances from estimated implementation expenses.

OPERATIONS

TeleTech provides its customer care services through the operation of state-of-the-art Call Centers located in the United States, the United Kingdom, Australia and New Zealand. As of April 30, 1996, TeleTech leased seven Call Centers and also managed two Call Centers on behalf of United Parcel Service. Additional expansion planned for 1996 includes the opening of a new Company-owned Call Center, expansion of an existing facility and opening of a third United Parcel Service-owned Call Center. See "-- Facilities."

TeleTech uses its standardized development procedures to minimize Call Center development lead times. The Company applies predetermined site selection criteria to identify locations conducive to operating large scale, sophisticated customer care facilities in a cost-effective manner. TeleTech can establish a new, fully operational, inbound Call Center containing 450 or more workstations within 90-150 days. In the last fourteen months, TeleTech has established two Company-owned Call Centers and two United Parcel Service-owned Call Centers, including a total of approximately 2,400 workstations.

A typical U.S. TeleTech Call Center has approximately 50,000 square feet of space and contains approximately 450 workstations. Call Center capacity can vary based on the complexity and type of customer care programs provided. All TeleTech Call Centers are designed to operate 24 hours a day, seven days a week. TeleTech received ISO 9002 certification for its Burbank Call Center in 1995 and currently is involved in a Company-wide ISO 9002 certification process.

CALL CENTER MANAGEMENT. TeleTech manages its U.S. Call Centers through its Technology Command Center in Colorado (the "Command Center"). The Command Center operates 24 hours per day, 7 days a week, and is responsible for monitoring, coordinating and managing TeleTech's U.S. operations. Each U.S. Call Center is connected to the Command Center and to other U.S. Call Centers through multiple fiber optic voice/data T-1 circuits to form an integrated and redundant wide area network. This network connectivity provides a high level of security and redundancy that is integral to TeleTech's ability to ensure recovery capabilities in the event of a disaster or structural failure. If a Call Center were to experience extreme excess call volume or become non-operational, the Command Center is configured to re-route incoming calls to another Call Center in a virtually transparent, uninterrupted manner.

TeleTech also has established a set of uniform operational policies and procedures to ensure the consistent delivery of high-quality service at each Call Center. These policies and procedures detail specific performance standards, productivity and profitability objectives and daily administrative routines designed to ensure efficient operation. TeleTech believes that recruiting, training and managing full-time Representatives who are dedicated to a single client facilitates seamless integration between client and Representative, enhances service quality and efficiency and differentiates TeleTech from its competitors.

TeleTech utilizes a number of sophisticated applications designed to minimize administrative burdens and maximize productivity. Such applications include a proprietary, integrated agent performance system

that tracks Representative activity at each workstation and a proprietary billing system that tracks time expended on administration, training, data processing and other processes conducted in support of client or internal tasks.

QUALITY ASSURANCE. TeleTech monitors and measures the quality and accuracy of its customer interactions through a quality assurance department located at each Call Center. Each department evaluates, on a real-time basis, at least 1.5% of all calls per day. TeleTech also has the capabilities to enable its clients to monitor customer interactions on a real-time basis. Quality assurance professionals monitor customer interactions and simultaneously score Representatives according to criteria mutually determined by the Company and the client. Representatives are evaluated and provided with feedback on their performance on a weekly basis and, as appropriate, recognized for superior performance or scheduled for additional training and coaching.

TECHNOLOGY

Utilizing industry standard tools, the Company creates relational database management systems customized for each client. These systems enable it to track the details of each customer interaction and consolidate that information into a customer file, which can be accessed and referred to by Representatives as they deliver services. TeleTech Call Centers employ state-of-the-art technology that incorporates digital switching technology, object-oriented software modules, relational database management systems, proprietary call tracking and workforce management systems, CTI and interactive voice response. TeleTech's digital switching technology enables calls to be routed to the next available Representative with the appropriate knowledge, skill and language sets. Call tracking and workforce management systems generate and track historical call volumes by client, enabling the Company to schedule personnel efficiently to accommodate anticipated fluctuations in call volume. This technology base enables TeleTech to provide single call resolution and decrease customer hold times, thereby enhancing customer satisfaction.

TeleTech-owned Call Centers utilize "Universal Representative" workstations with inbound, outbound, Internet and faxback capabilities, the majority of which run on Pentium-Registered Trademark--based computers. All workstations are PC-based and utilize CTI technology, which connects the computer to a telephone switch allowing calls and computer data to be transferred simultaneously. By using simple, intuitive graphical user interfaces (GUI), which substitute graphics for text, TeleTech enables its Representatives to focus on assisting the customer, rather than on the technology, and obtain customer information using significantly fewer keystrokes. The user-friendly interface also helps to decrease training time and increase the speed of call handling.

TeleTech's applications software is designed using products developed by Microsoft, Oracle, Novell, IBM and others. TeleTech has invested significant resources in designing, developing and debugging industry-specific and open-systems software applications and tools. As a result, TeleTech maintains an extensive library of reusable object-oriented code modules for use by TeleTech's applications development professionals to develop customized customer care software. TeleTech's systems capture and download a variety of information obtained during each customer interaction into relational databases for real-time, daily, weekly or monthly reporting to clients. TeleTech runs its applications software on open-systems, client-server architecture that utilizes computer processors, server components and hardware platforms produced by manufacturers such as Compaq, Hewlett Packard, IBM and Sun Microsystems. TeleTech has and will continue to invest significant resources into the research and development of new and emerging customer care and technical support technologies.

HUMAN RESOURCES

TeleTech's success in recruiting, hiring and training large numbers of skilled employees is critical to its ability to provide high-quality customer care solutions to its clients. TeleTech generally locates its Call Centers in metropolitan areas that have access to higher education and a major transportation infrastructure. TeleTech endeavors to offer a competitive pay scale, hire primarily full-time employees who are eligible to receive the full range of employee benefits and provide employees with a clear, viable career path.

TeleTech is committed to the continued education and development of its employees and believes that providing TeleTech employees with access to new learning opportunities produces job satisfaction, ensures a higher quality labor force and fosters loyalty between TeleTech's employees and the clients they serve. Before taking customer calls, Representatives receive from one to five weeks of on-site training in TeleTech's or the client's training facilities to learn about the client's corporate culture, specific product or service offerings and the customer care program that TeleTech and the client will be undertaking. Representatives also receive a minimum of six to eight hours of on-going training per month and often receive supplemental laboratory training as needed to provide high-quality customer service and product support.

As of April 30, 1996, TeleTech had 3,653 employees. Of its total employees, 2,795 were full-time Representatives, constituting 81.5% of its total Representatives. None of TeleTech's employees are subject to a collective bargaining agreement and TeleTech believes its relations with its employees are good.

INTERNATIONAL OPERATIONS

TeleTech operates one Call Center in each of Australia and New Zealand, and a third Call Center located in the United Kingdom that is operated through the Company's joint venture with a subsidiary of PPP Healthcare Group plc ("PPP"), one of the largest private medical insurers in the United Kingdom. In January 1996, TeleTech acquired Access 24, a leading provider of customer care solutions to Australian and New Zealand companies primarily in the health care and financial services industries. The operations of Access 24 have been substantially integrated with TeleTech's operations and the Company intends to leverage Access 24's experience by introducing similar services in the United States. TeleTech operates Call Centers in Sydney, Australia and Auckland, New Zealand, containing an aggregate of 131 workstations, and intends to develop a traditional customer care outsourcing business in Australia and New Zealand, as well as the United Kingdom.

On April 30, 1996, TeleTech entered into a joint venture with PPP, which currently serves more than 2.3 million customers throughout the United Kingdom and owns long-term health insurance, dental care and finance companies. TeleTech and PPP have agreed to provide, exclusively through the joint venture and initially solely in the United Kingdom and Ireland, distinct, value-added customer care services. Apart from the joint venture, TeleTech intends to provide traditional outsourcing services, similar to the type TeleTech provides in the United States, in the United Kingdom. See "Business--Services." The joint venture, which will operate initially from the 172-workstation Call Center located in London, currently provides services only to PPP customers but intends to eventually offer its services to customers of other companies.

COMPETITION

The Company believes that it competes primarily with the in-house teleservices and customer service operations of its current and potential clients. TeleTech also competes with certain companies operating in the teleservices industry, including Access Health, Inc., APAC Teleservices, AT&T American Transtech, Electronic Data Systems, MATRIX Marketing Inc., SITEL Corporation, STREAM and Sykes Enterprises Incorporated. TeleTech competes primarily on the basis of quality and scope of services provided, speed and flexibility of implementation and technological expertise. Although the teleservices industry is very competitive and highly fragmented with numerous small participants, management believes that TeleTech generally does not directly compete with traditional telemarketing companies, which provide primarily outbound "cold calling" services.

FACILITIES

TeleTech's corporate headquarters are located in Denver, Colorado in approximately 27,000 square feet of leased office space that also contains a 553 workstation Call Center. As of April 30, 1996, TeleTech leased (unless otherwise noted) and operated the following Call Centers, containing an aggregate of approximately 225,000 square feet:

LOCATION	YEAR OPENED OR ACQUIRED	NUMBER OF WORKSTATIONS(1)
U.S. CALL CENTERS		
Sherman Oaks, California.....	1985	388
Denver, Colorado.....	1993	553
Burbank, California.....	1995	414
Thornton, Colorado.....	1996	475
INTERNATIONAL CALL CENTERS (2)		
Sydney, Australia.....	1996	104
London, United Kingdom (3).....	1996	172
Auckland, New Zealand.....	1996	27
MANAGED ON BEHALF OF UNITED PARCEL SERVICE		
Greenville, South Carolina.....	1996	725
Tucson, Arizona.....	1996	762
Tampa, Florida (4).....	1996	940
Total number of workstations.....		4,560

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- (1) Includes training positions, which are fully operative as production positions when necessary.
- (2) Acquired January 1, 1996 through TeleTech's acquisition of Access 24. See "--International Operations."
- (3) Managed through the Company's joint venture with PPP. See "--International Operations."
- (4) The Company expects to commence operations at this Call Center in June 1996.

The leases for TeleTech's U.S. Call Centers have terms ranging from one to eight years and generally contain renewal options. The Company plans to open a United Parcel Service-owned Call Center in Tampa, Florida in June 1996, as well as a Call Center in Houston, Texas in August 1996. It also plans to expand its Thornton Call Center by 267 positions by July 15, 1996. Pursuant to its agreement with United Parcel Service, if United Parcel Service opens a fourth call center, TeleTech has the option to staff and manage such Call Center. The Company believes that its existing Call Centers are suitable and adequate for its current operations but that additional Call Centers, including the expansion currently planned for 1996, will be required to support continued growth.

LEGAL PROCEEDINGS

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

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information with respect to the executive officers and directors of the Company:

NAME	AGE	POSITION
Kenneth D. Tuchman	36	Chairman of the Board, President, Chief Executive Officer and Director
Joseph D. Livingston	51	Senior Vice President and Chief Operating Officer
Steven B. Coburn	42	Chief Financial Officer
Alan Silverman (1)	52	Director
Richard Weingarten (1)	45	Director
Samuel Zell	53	Director

(1) Member of the Compensation and Audit Committees of the Board of Directors of the Company.

MR. TUCHMAN founded TeleTech and has served as its Chairman of the Board of Directors, President and Chief Executive Officer since TeleTech's formation in December 1994. Mr. Tuchman also is the founder and has served as the President and Chief Executive Officer of each of TeleTech Telecommunications, Inc. and TeleTech Teleservices, Inc., two operating subsidiaries of TeleTech, since their formation in October 1982 and November 1992, respectively.

MR. LIVINGSTON has served the Company since February 1992 in various capacities, including as Senior Vice President and Chief Operating Officer and previously as Vice President of Operations and Technology. From 1989 to 1992, Mr. Livingston was the Director of MIS Systems & Operations of Livestone Corporation, a division of American Eastern Securities, and from 1985 to 1989 he was employed by Coopers & Lybrand, an international accounting firm, as Director of West Region MIS and Strategic Management Services for International Business.

MR. COBURN has served as Chief Financial Officer of the Company since October 1995. From October 1989 to September 1995, Mr. Coburn was employed by U S West, a diversified telecommunications company, and various of its affiliates, during which time he served as Finance Director and Chief Financial Officer of Interactive Video Enterprises, as Finance Director of U S West Marketing Resources Group and as Finance Director and Controller of U S West Marketing Services. In 1993, Mr. Coburn established and managed the finance, accounting and treasury activities of U S West Polska, a start up operation in Warsaw, Poland.

MR. SILVERMAN, who has served as a director of TeleTech since January 1995, is an independent investor and has been a director of Exhibition Video International, a company that is developing technology for satellite and video transmissions, since 1992. Mr. Silverman has served since 1970 as a director and is President of Essaness Theatres Corporation ("Essaness"), an investment holding company. Mr. Silverman is a director of Keystone Biomedical, Inc., a company that develops, tests and licenses pharmaceutical agents, and, since 1980, has been a director of Video 44, a Hispanic television broadcasting company. Mr. Silverman also serves as a director of various private corporations.

MR. WEINGARTEN has served as a director of TeleTech since January 1995. Mr. Weingarten founded Richard Weingarten & Company, Inc., a company that provides investment banking and financial advisory services, in 1991 and has served as its President since its formation. From 1988 through 1991, Mr. Weingarten was a Managing Director of Bear, Stearns & Co., Inc. and, from 1989 until 1991, served as Director of Corporate Finance for its Southeastern region. Mr. Weingarten currently serves as a director of Capsure Holdings Corp. ("Capsure"), a holding company whose principal subsidiaries are specialty property and casualty insurers.

MR. ZELL has served as a director of TeleTech since January 1995. Mr. Zell serves as Chairman of the Board of Great American Management and Investments, Inc., a diversified holding company, Anixter International Inc., a provider of integrated network and cabling solutions, Falcon Building Products, Inc., a manufacturer and supplier of building products, American Classic Voyages Co., an owner and operator of cruise lines, Manufactured Home Communities, Inc., a real estate investment trust specializing in the ownership and management of manufactured home communities, Capsure, Equity Group Investments, Inc. and other private corporations. Mr. Zell also serves as Chairman of the Board of Trustees of Equity Residential Properties Trust, an owner and operator of multifamily residential properties, and as Co-Chairman of the Board of Revco D.S., Inc., a drug store chain. Mr. Zell is a director of Quality Food Centers, Inc., an independent supermarket chain, and Sealy Corporation, a maker of bedding and related products. Mr. Zell was President of Madison Management Group, Inc., a holding company of low-tech manufacturing companies ("Madison"), prior to October 4, 1991. Madison filed a petition for reorganization under the Federal bankruptcy laws in November 1991.

ARRANGEMENTS FOR NOMINATION AS DIRECTOR

Directors are elected at each annual meeting of stockholders of the Company to serve for one-year terms. After the closing of the Offering, the directors intend to appoint persons in accordance with TeleTech's By-laws to fill the current vacancies on the Board of Directors.

In connection with the sale of its Preferred Stock in January 1995, certain stockholders of TeleTech executed an agreement (the "Investment Agreement") pursuant to which they agreed to elect each year to TeleTech's Board of Directors two individuals nominated by TeleTech Investors General Partnership ("TIGP") and Essaness and five individuals designated by Mr. Tuchman. Each of the current directors of TeleTech was elected as a nominee of Mr. Tuchman or of TIGP and Essaness pursuant to the Investment Agreement. The rights and obligations of Mr. Tuchman, TIGP and Essaness to elect directors under the Investment Agreement will terminate upon the closing of the Offering.

TeleTech's Certificate of Incorporation entitles the holders of Preferred Stock, as a class, to elect two individuals, and entitles the holders of Common Stock, as a class, to elect five individuals, to the Board of Directors of TeleTech. The Restated Certificate of Incorporation, to be filed immediately prior to the closing of the Offering, provides that the holders of a majority of the outstanding Common Stock will elect all directors.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has standing Audit and Compensation Committees, which assist the Board in the discharge of its responsibilities. Members of each such committee are elected by the Board at its first meeting following the annual meeting and serve for one year terms.

The Audit Committee reports to the Board regarding the appointment of the independent public accountants of TeleTech, the scope and fees of the prospective annual audit and the results thereof, compliance with TeleTech's accounting and financial policies and management's procedures and policies relative to the adequacy of TeleTech's internal accounting controls. The current members of the Audit Committee are Alan Silverman and Richard Weingarten, neither of whom is an employee of TeleTech.

The Compensation Committee reviews and approves the annual salary and bonus for each executive officer (consistent with the terms of any applicable employment agreement), reviews, approves and recommends terms and conditions for all employee benefit plans (and changes thereto) and administers the Option Plan and such other employee benefit plans as may be adopted by TeleTech from time to time. The current members of the Compensation Committee are Alan Silverman and Richard Weingarten, each of whom is a non-employee director of TeleTech.

COMPENSATION OF DIRECTORS

TeleTech does not pay its directors a fee for their services as such; however, all directors are reimbursed for travel expenses incurred in attending board and committee meetings.

The TeleTech Holdings, Inc. Directors Stock Option Plan, which was approved by the Board of Directors of the Company effective January 1996 (the "Directors Option Plan"), provides for the automatic annual grant, to each director who is neither an employee of the Company nor, after this Offering, the beneficial owner of 5% or more of the outstanding Common Stock, of options to acquire shares of Common Stock. A total of 750,000 shares of Common Stock are reserved for issuance pursuant to options granted under the Directors Option Plan. All options granted under the Directors Option Plan are non-qualified options that are not intended to qualify under Section 422 of the Code.

The Directors Option Plan currently provides that each eligible director will receive options to acquire (i) 12,500 shares of Common Stock upon such director's initial election to the Board of Directors and (ii) on the date of each annual meeting of stockholders held each year thereafter at which such director is re-elected, 12,500 shares of Common Stock for services to be rendered as a director and 6,250 for services as a member on each committee of the Board of Directors to which such director is appointed. The exercise price of each option granted under the Directors Option Plan shall be equal to the fair market value of the Common Stock on the date of grant. Options granted under the Directors Option Plan (a) vest immediately, (b) are not exercisable until six months after the date of grant and (c) expire on the earliest to occur of the tenth anniversary of the date of grant, one year following the director's death or immediately upon the director's termination of membership on the Board of Directors for Cause (as defined in the Directors Option Plan).

As of May 15, 1996, options to acquire an aggregate of 225,000 shares of Common Stock, at an exercise price of \$5.00 per share, were outstanding under the Directors Option Plan. Each of Messrs. Silverman, Weingarten and Zell has been granted options under the Directors Option Plan to acquire 25,000 shares of Common Stock in consideration for services rendered as a director of the Company during 1995. In addition, each of Messrs. Weingarten and Silverman has been granted options under the Directors Option Plan to acquire an additional 25,000 shares of Common Stock for services rendered during 1995 as members of the Audit and Compensation Committees of the Board of Directors. Messrs. Weingarten, Silverman and Zell have been granted options to acquire 37,500, 37,500 and 25,000 shares of Common Stock, respectively, for services rendered and to be rendered as a director of the Company in 1996.

INCENTIVE COMPENSATION PLAN

In order to attract, retain and motivate qualified employees, align employee interests with those of the stockholders and reward employees for enhancing the value of the Company, TeleTech has established the TeleTech Holdings, Inc. Incentive Compensation Plan (the "Incentive Plan"). Under the Incentive Plan, certain management-level employees of the Company are eligible to receive annual performance bonuses based upon the Company's achievement of certain predetermined financial goals. Awards under the Incentive Plan will be paid annually from an incentive pool, which is funded annually by a percentage of the amount by which the net income of the Company exceeds the established threshold performance level for that year. From this incentive pool, each SBU executive, manager and key employee is entitled to receive a cash incentive award up to an annual bonus limitation, which is determined each year based upon the recipient's base salary. No awards will be made under the Incentive Plan, which was adopted on May 14, 1996, until 1997.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Alan Silverman and Richard Weingarten are the current members of the Compensation Committee of the Board of Directors.

Pursuant to the Amended and Restated Investment Agreement to take effect upon the closing of the Offering, certain existing stockholders of the Company (the "Existing Stockholders") are entitled, by majority vote, to require TeleTech, at its sole expense, to register under the Securities Act all or part of their Common Stock. In addition, if TeleTech proposes to register any of its securities under the Securities Act for its own account, the Existing Stockholders may require TeleTech, at its sole expense, to include in such registration all or part of the 8,300,000 shares of Common Stock owned by the Existing Stockholders. Mr. Silverman owns 258,330 shares of Common Stock. TIGP, a partnership of which Mr. Weingarten is a general partner, owns 8,525,000 shares of Common Stock; however, the managing general partner of TIGP

holds sole power to vote and dispose of all shares owned by TIGP. The Company has been advised that, immediately following the closing of the Offering, TIGP will be dissolved and its assets will be distributed to its partners. See "Principal and Selling Stockholders."

EXECUTIVE COMPENSATION

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION. The following table sets forth information with respect to all compensation earned by TeleTech's chief executive officer and TeleTech's two other executive officers as of December 31, 1995 (collectively, the "Named Executive Officers") for services rendered to TeleTech during 1995.

SUMMARY COMPENSATION TABLE FOR 1995

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION			ALL OTHER COMPENSATION (\$)(1)
	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	
Kenneth D. Tuchman, Chairman, President & Chief Executive Officer.....	\$ 750,000	\$ 250,000	\$ 56,300(2)	\$ 10,830
Joseph D. Livingston, Senior Vice President & Chief Operating Officer.....	174,090(3)	168,743(4)	--	4,500
Steven B. Coburn, Chief Financial Officer.....	28,000(5)	--	--	--

(1) Represents the full dollar value of premiums paid by the Company with respect to life insurance for the benefit of Mr. Tuchman or Mr. Livingston and his respective beneficiaries.

(2) Includes \$20,000 in aggregate membership dues and initiation fees, \$17,500 paid as a car allowance, \$15,600 for lease of a townhouse and other perquisites and personal benefits paid by the Company to or on behalf of Mr. Tuchman.

(3) Includes approximately \$11,340 paid to Mr. Livingston for accrued but unused vacation time.

(4) Includes a \$75,000 annual performance bonus and an approximately \$93,700 one-time bonus for Mr. Livingston's assistance in obtaining a client contract.

(5) Mr. Coburn joined TeleTech in October 1995 at an annual base salary of \$120,000. See "--Employment Agreements."

OPTION GRANTS. The following table sets forth information regarding grants of stock options under the Option Plan during 1995 to the Named Executive Officers.

OPTION GRANTS IN 1995

NAME	NUMBER OF SHARES UNDERLYING OPTIONS GRANTED (#)	PERCENTAGE OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE (1)	EXPIRATION DATE (2)	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (3)	
					5%	10%
Kenneth D. Tuchman.....	--	--	--	--	--	--
Joseph D. Livingston.....	750,000	36%	\$ 1.29	1/1/2005	\$ 608,456	\$ 1,541,946
Steven B. Coburn.....	250,000	12%	2.00	9/15/2005	314,447	796,871

(1) Each option has been granted pursuant to the Option Plan and expires on the date ten years after the date of grant. The exercise price equals the fair market value of the Common Stock on the grant date, as determined by the Board of Directors based upon the most recent price prior to the grant date at which the Company, in arms' length transactions, had issued Common Stock in connection with acquisitions or had sold Preferred Stock in capital raising transactions.

- (2) Options granted to Messrs. Livingston and Coburn vest pro rata over the three years and five years, respectively, following the date of grant.
- (3) The potential realizable value is calculated assuming that the fair market value on the date of grant, which equals the exercise price, appreciates at the indicated annual rate (set by the Commission), compounded annually for the term of the option. Based on the initial price to public in the offering, the actual realizable value of the options will substantially exceed the potential realizable values shown in the table.

OPTION HOLDINGS. No options were exercised by Named Executive Officers in 1995. The following table sets forth information with respect to the aggregate number and value of shares underlying unexercised options held by each of the Named Executive Officers as of December 31, 1995.

FISCAL YEAR-END OPTION VALUES

NAME	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS AS OF DECEMBER 31, 1995		VALUE OF UNEXERCISED IN-THE- MONEY OPTIONS AS OF DECEMBER 31, 1995 (1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Kenneth D. Tuchman.....	--	--	--	--
Joseph D. Livingston.....	250,000	500,000	\$ 927,500	\$ 1,855,000
Steven B. Coburn.....	--	250,000	--	750,000

- (1) The exercise price of each option was based on the deemed fair market value of the option shares at fiscal year end (\$5.00 per share as determined by the Board of Directors based on the most recent price prior to December 31, 1995 at which the Company had issued or agreed to issue Common Stock) less the exercise price payable for such shares.

TELETECH STOCK OPTION PLAN

The Company's Option Plan was adopted by the Board of Directors in December 1994 and by the Company's stockholders in January 1995 and was amended and restated in January 1996. The Option Plan authorizes the issuance of up to 7,000,000 shares of Common Stock through the grant of (i) incentive stock options ("ISOs") within the meaning of Section 422 of the Code, (ii) stock options that are not intended to qualify under Section 422 of the Code ("NSOs" and together with ISOs, "Options"), (iii) stock appreciation rights ("SARs"), (iv) restricted stock and (v) phantom stock. Directors, officers, employees, consultants and independent contractors of the Company or any subsidiary of the Company, as selected from time to time by the committee administering the Option Plan, are eligible to participate in the Option Plan. As of May 15, 1996, Options to acquire an aggregate of 472,085 shares of Common Stock and 76,000 shares of restricted stock were outstanding. No SARs or phantom stock have been issued under the Option Plan.

The Option Plan provides that it is to be administered by a committee comprised of two or more disinterested directors appointed by the Board of Directors (the "Committee"). The Compensation Committee of the Board of Directors, which is comprised of two disinterested directors of the Company, currently acts as the Committee under the Option Plan. Subject to certain limitations, the Committee has complete discretion to determine which eligible individuals are to receive awards under the Option Plan, the form and vesting schedule of awards, the number of shares subject to each award and the exercise price, the manner of payment and expiration date applicable to each award.

All awards under the Option Plan are subject to vesting and forfeiture. Unless the Committee establishes otherwise at the time of award, all awards under the Option Plan vest at an accelerating rate over a period of five years.

Set forth below is a summary of the terms of the Option Plan that are applicable to each of the various types of awards covered thereby.

OPTIONS. All Options expire on the date that is the earliest of three months after the holder's termination of employment with the Company (other than termination for Cause), six months after the holder's death and 10 years after the date of grant. Options also are subject to forfeiture upon termination of employment or directorship for "Cause." The exercise price per share of an ISO is determined by the Committee at the time of grant but in no event may be less than the fair market value of the Common Stock on the date of grant. Notwithstanding the foregoing, if an ISO is granted to a participant who owns more than 10% of the voting power of all classes of stock of the Company, the exercise price must be at least 110% of the fair market value of the Common Stock and the exercise period must not exceed five years from the date of grant. The exercise price per share of an NSO is determined by the Committee in its sole discretion.

SARS. SARS may be issued independent of an Option or, alternatively, in connection with an Option (a "Tandem SAR"), in which case the Tandem SAR terminates simultaneously upon the expiration of the related Option. A Tandem SAR is only exercisable if the fair market value of a share of Common Stock exceeds the exercise price of the related Option.

RESTRICTED STOCK. Restricted stock entitles the holder thereof to participate as a stockholder of the Company; however, the holder may not sell, transfer, pledge or otherwise encumber such stock prior to the time it vests. A holder of restricted stock forfeits all unpaid accumulated dividends and all shares of restricted stock that have not vested prior to the date that such holder's employment with the Company is terminated for any reason.

PHANTOM STOCK. Phantom stock entitles the holder thereof to surrender any vested portion of such phantom stock in exchange for cash or shares of Common Stock, as the Committee may determine, in an amount equal to the fair market value of Common Stock on the date of surrender.

EMPLOYMENT AGREEMENTS

TeleTech entered into an employment agreement with Kenneth D. Tuchman as Chairman of the Board and President of TeleTech for a term commencing on January 1, 1995 and ending on December 27, 1997 (the "Term"). Subsequent thereto, Mr. Tuchman also was elected as the Chief Executive Officer of TeleTech. Pursuant to the agreement, Mr. Tuchman is entitled to receive an annual base salary of \$750,000, as adjusted on January 1 of each year during the Term by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the Denver metropolitan area (the "CPI Percentage"). Mr. Tuchman also is eligible to receive an annual performance bonus not to exceed \$250,000, as adjusted annually by the CPI Percentage, based upon TeleTech's achievement of certain predetermined performance goals. The agreement requires the Company to maintain, on behalf of Mr. Tuchman, a \$24 million life insurance policy (half of which is payable to his beneficiaries), disability insurance, accident, death and dismemberment insurance, errors and omissions insurance with a policy limit of not less than \$1 million and entitles Mr. Tuchman to receive certain perquisites specified therein. Under the terms of his agreement, Mr. Tuchman is prohibited, during his employment and for three years thereafter, from disclosing any confidential information or trade secrets of TeleTech. Mr. Tuchman also is prohibited, during his employment and for three years after the Company terminates his employment for Good Cause (as defined therein) or Mr. Tuchman voluntarily terminates his employment with the Company, from engaging in any business, or becoming employed by or otherwise rendering services to any company (other than TeleTech) that has as its primary business inbound or outbound teleservices. The agreement provides that if TeleTech terminates Mr. Tuchman's employment for Good Cause, TeleTech will pay Mr. Tuchman his salary as accrued through the date of termination. If TeleTech terminates Mr. Tuchman's employment without Good Cause, TeleTech will pay to him the lesser of (i) the sum of his salary as accrued through the date of termination, his performance bonus, prorated for any portion of the year remaining and calculated as if TeleTech had achieved its performance goals, and the present value of all payments that otherwise would have been made to him during the remainder of the Term, calculated as if TeleTech had achieved its performance goals, or (ii) three times the aggregate salary and performance bonus earned by him in the immediately preceding year.

TeleTech entered into an employment agreement with Joseph D. Livingston as Senior Vice President and Chief Operating Officer of TeleTech effective January 1, 1995. Pursuant to the agreement, as amended,

Mr. Livingston is entitled to receive an annual base salary of \$160,000 for 1995 and \$250,000 for 1996 and thereafter and also is eligible to receive an annual performance bonus based upon TeleTech's achievement of certain predetermined performance goals. TeleTech also has granted Mr. Livingston options to purchase 750,000 and 75,000 shares of Common Stock at an exercise price of \$1.29 and \$8.00 per share, respectively, which options vest over three and five years from the date of grant, respectively. Mr. Livingston's employment with TeleTech is terminable at any time by either party, with or without cause. Upon termination of employment, Mr. Livingston will be entitled to unpaid compensation for services rendered through the date of termination, together with employee benefits accrued through the date of termination. Under the terms of his agreement, Mr. Livingston is prohibited from disclosing any confidential information or trade secrets of TeleTech. The Agreement also prohibits Mr. Livingston, for the three years after termination of his employment with TeleTech, from engaging in any business or becoming employed or otherwise rendering services to any company engaging in, inbound or outbound teleservices, development or maintenance of voice or data communication, certain software applications, customer communications services or technological innovation or support for any of the foregoing.

The Company entered into a three year employment agreement commencing on October 2, 1995 with Steven B. Coburn. Pursuant to the agreement, Mr. Coburn serves as Chief Financial Officer of the Company and is entitled to receive an annual base salary of \$120,000 for 1995 and, commencing January 1, 1996, an annual base salary of \$135,000. Mr. Coburn also is eligible to receive an annual performance bonus of not more than twenty-five percent of his salary upon the Company's achievement of certain predetermined performance goals. The Company has granted Mr. Coburn options to purchase 250,000 shares of Common Stock at an exercise price of \$2.00 per share, which options vest over a period of five years beginning with the thirteenth month of his employment. The agreement prohibits Mr. Coburn from disclosing any confidential information or trade secrets of the Company. Mr. Coburn also is prohibited, during his employment and for three years after the Company terminates his employment for Good Cause (as defined therein) or Mr. Coburn voluntarily terminates his employment with the Company, from engaging in any business, or becoming employed by or otherwise rendering services to any company (other than TeleTech), that has as its primary business inbound or outbound teleservices or technological innovation or support with respect thereto.

LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

TeleTech's Restated Certificate of Incorporation and By-laws provide that TeleTech shall indemnify its directors, and may indemnify its officers, employees and other agents, to the fullest extent permitted by Delaware law. The Company also is authorized to secure insurance on behalf of any person it is required or permitted to indemnify. Pursuant to this provision, TeleTech maintains liability insurance for the benefit of its directors and officers.

TeleTech has entered into agreements to indemnify its directors and certain of its officers, in addition to the indemnification provided for in TeleTech's Restated Certificate of Incorporation and By-laws. These agreements provide, among other things, that TeleTech will indemnify its directors and officers for all direct and indirect expenses and costs (including, without limitation, all reasonable attorneys' fees and related disbursements, other out-of-pocket costs and reasonable compensation for time spent by such persons for which they are not otherwise compensated by TeleTech or any third person) and liabilities of any type whatsoever (including, but not limited to, judgments, fines and settlement fees) actually and reasonably incurred by such person in connection with either the investigation, defense, settlement or appeal of any threatened, pending or completed action, suit or other proceeding, including any action by or in the right of the corporation, arising out of such person's services as a director, officer, employee or other agent of TeleTech, any subsidiary of TeleTech or any other company or enterprise to which the person provides services at the request of TeleTech. TeleTech believes that these provisions and agreements are necessary to attract and retain talented and experienced directors and officers.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the transactions described elsewhere in this Prospectus, the following transactions have been effected, or are being contemplated, involving the Company, and its directors, executive officers or stockholders. See "Management--Compensation Committee Interlocks and Insider Participation" and "Shares Eligible for Future Sale."

During 1995, TeleTech provided reservations call handling services to Midway Airlines Corporation ("Midway"), a majority-owned subsidiary of Zell/Chilmark Fund, L.P. Samuel Zell, a director of TeleTech, is an affiliate of Zell/Chilmark Fund, L.P. During the twelve months ended December 31, 1995 and March 31, 1996, TeleTech charged Midway an aggregate of \$1,291,862 and \$600,904, respectively, for services rendered by TeleTech. As of December 31, 1995 and March 31, 1996, the total amounts due from Midway for services rendered by TeleTech were \$535,845 and \$570,274, respectively, of which \$354,526 and \$462,958, respectively, were past due. TeleTech has continued to provide reservations call handling services to Midway in the current fiscal year.

In April 1996, TeleTech agreed to accept from Midway, and Midway delivered to the Company, a promissory note in the principal amount of \$500,000 to evidence a portion of the total amount due and owing. The note bears interest at a rate of 8% per annum and is payable in 12 equal installments of principal, together with interest, commencing May 1, 1996.

TeleTech has agreed to pay, prior to the closing of the Offering, \$1 million to Equity Group Investments, Inc. ("EGI"), an affiliate of Mr. Zell, a director of TeleTech, for certain advisory services rendered by EGI in connection with the Offering, the acquisition of Access 24 and the joint venture with PPP. The Company may retain EGI, or other affiliates of Mr. Zell, to render similar services after the Offering. Any such engagement, and the terms upon which such engagement will occur, will be subject to the prior approval of disinterested directors of the Company. Of the \$1 million payable to EGI, approximately \$500,000 relate to services rendered in connection with the Offering and are included as expenses thereof.

TeleTech has utilized the services of The Riverside Agency, Inc. in reviewing, obtaining or renewing various insurance policies. The Riverside Agency, Inc. is a wholly-owned subsidiary of EGI. During the twelve months ended December 31, 1995, The Riverside Agency, Inc. invoiced TeleTech an aggregate of \$23,965 and \$47,930, respectively, for services rendered.

Under the terms of the Stock Transfer and Registration Rights Agreement among Access 24 Holdings Pty Limited and Bevero Pty Limited, existing holders of Common Stock (the "Common Stockholders"), and TeleTech, if TeleTech proposes to register any of its securities under the Securities Act for its own account, the Common Stockholders may require TeleTech, at its sole expense, to include in such registration all or part of the 970,240 shares of Common Stock held by the Common Stockholders. None of such shares are being registered in connection with the Offering.

In 1993 and 1994, Mr. Tuchman made loans to the Company that were evidenced by subordinated promissory notes with an interest rate of 8% per annum. In 1995, the Company paid interest of \$11,000 to Mr. Tuchman on such notes. In connection with the Company's restructuring and sale of \$12 million of Preferred Stock in January 1995, the Company repaid the approximately \$1.2 million outstanding balance of such notes. Also in 1995, TeleTech paid a dividend of approximately \$452,000 to Mr. Tuchman.

TeleTech believes that all transactions disclosed above have been, and TeleTech's Board of Directors intends that any future transactions with its officers, directors, affiliates or principal stockholders will be, on terms that are no less favorable to TeleTech than those that are obtainable in arms' length transactions with unaffiliated third parties.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of May 15, 1996, and as adjusted to reflect the sale of shares of Common Stock being offered hereby, by (i) each stockholder who is known by the Company to beneficially own more than 5% of the currently outstanding shares of Common Stock, (ii) each of the Company's directors and the Named Executive Officers, (iii) all directors and executive officers of the Company as a group and (iv) the Selling Stockholders.

DIRECTORS, EXECUTIVES OFFICERS AND CERTAIN STOCKHOLDERS (1)	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		NUMBER OF SHARES BEING OFFERED (2)	SHARES BENEFICIALLY OWNED AFTER THE OFFERING	
	NUMBER	PERCENT		NUMBER	PERCENT
Kenneth D. Tuchman.....	40,700,000(3)	79.7%	1,000,000	39,700,000	72.1%
Joseph D. Livingston.....	354,167(4)	*	--	354,167	*
Steven B. Coburn.....	--	*	--	--	*
Alan Silverman.....	345,830(5)(6)	*	--	345,830	*
Richard Weingarten.....	87,500(6)(7)	*	--	255,834(7)	*
Samuel Zell.....	8,575,000(8)	16.8	950,000(9)	2,570,973(8)	4.7%
All directors and executive officers as a group (6 persons).....	50,049,997	98.1	1,950,000(10)	42,647,637	77.7
Jack Silverman.....	258,340(11)	*	50,000	208,340	*
TeleTech Investors General Partnership c/o Equity Group Investments, Inc. Two North Riverside Plaza Chicago, Illinois 60606.....	8,525,000(12)	16.7	950,000	--	*

* Less than one percent

(1)The address of each director and executive officer is in care of the Company, 1700 Lincoln Street, Suite 1400, Denver, Colorado 80203.

(2)Assumes no exercise of the Underwriters' over-allotment option. If the Underwriters' over-allotment option is exercised, Mr. Tuchman will sell up to 900,000 additional shares and, assuming all such shares are sold, he will beneficially own 38,800,000 shares or 70.5% of the total outstanding shares.

(3)Mr. Tuchman is the founder, Chairman of the Board of Directors, President and Chief Executive Officer of TeleTech. See "Management."

(4)Includes 354,167 shares of Common Stock subject to options granted under the Option Plan, which are exercisable as of the date of this Prospectus. Mr. Livingston is the Senior Vice President and Chief Operating Officer of the Company. See "Management."

(5)Includes 258,330 shares of Common Stock issuable upon conversion of 51,666 shares of Preferred Stock owned by Mr. Silverman, which he has agreed to convert into Common Stock pursuant to the Preferred Stock Conversion, and 87,500 shares subject to options exercisable as of the date of this Prospectus. See note (6) below.

(6)Includes 87,500 shares of Common Stock subject to options granted to each of Messrs. Silverman and Weingarten under the Directors Option Plan. See "Management--Compensation of Directors."

(7) Mr. Weingarten, as a general partner of TeleTech Investors General Partnership ("TIGP"), owns an undivided interest in the 8,525,000 shares of Common Stock issuable upon conversion of TIGP's 1,705,000 shares of Preferred Stock. Zell General Partnership, Inc., an affiliate of Mr. Zell and the managing general partner of TIGP (the "Managing General Partner"), has the sole power to vote and dispose of these shares. Upon dissolution of TIGP (see note (8) below), Mr. Weingarten will receive a

distribution of his proportionate share of the net proceeds from TIGP's sale of Common Stock and the remaining shares of Common Stock not sold by TIGP in the Offering. Following such distribution, Mr. Weingarten will own 255,834 shares of Common Stock, which includes 87,500 shares of Common Stock subject to options granted under the Directors Option Plan.

- (8) Includes 50,000 shares of Common Stock subject to options granted to Mr. Zell under the Directors Option Plan and, prior to the Offering 8,525,000 shares of Common Stock issuable upon conversion of the 1,705,000 shares of Preferred Stock owned by TIGP. See note (10) below and "Certain Relationships and Related Party Transactions." The Managing General Partner has agreed to convert, pursuant to the Preferred Stock Conversion, all of its shares of Preferred Stock into shares of Common Stock. The Company has been advised that, immediately after the closing of the Offering, TIGP will be dissolved and the net proceeds from TIGP's sale of Common Stock, and the remaining shares of Common Stock not sold by TIGP in the Offering, will be distributed to its partners. Following such distribution, Mr. Zell will beneficially own 2,570,973 shares of Common Stock, which includes 50,000 shares of Common Stock subject to options granted under the Directors Option Plan. See "Management" and "Certain Relationships and Related Party Transactions."
- (9) Represents the shares being sold by TIGP.
- (10) Represents the shares being sold by Mr. Tuchman and TIGP.
- (11) The shares reflected in the table are issuable upon conversion of, and Mr. Silverman has agreed to convert in the Preferred Stock Conversion, his 51,668 shares of Preferred Stock into shares of Common Stock.
- (12) Includes 8,525,000 shares of Common Stock issuable upon the conversion, to occur immediately prior and subject to consummation of the Offering, of the 1,705,000 shares of Preferred Stock owned by TIGP. The Company has been advised that, immediately after the closing of the Offering, TIGP will be dissolved and its assets will be distributed to its partners. See notes (7) and (8) above.

DESCRIPTION OF CAPITAL STOCK

Pursuant to the Company's Certificate of Incorporation, the Company has authority to issue an aggregate of 51,860,000 shares of capital stock, consisting of 50,000,000 shares of Common Stock, par value \$.002 per share, and 1,860,000 shares of Preferred Stock, par value \$6.45 per share. As of May 15, 1996, after giving effect to the five-for-one stock split, the Company's issued and outstanding capital stock consisted of 41,746,240 shares of Common Stock, held by five holders of record, and 1,860,000 shares of Preferred Stock, held by four holders of record. Pursuant to the Preferred Stock Conversion, the holders of all of the issued and outstanding shares of Preferred Stock have agreed to convert, immediately prior and subject to the closing of the Offering, all of the 1,860,000 shares of Preferred Stock owned by them into an aggregate of 9,300,000 shares of Common Stock. Thus, no information regarding the currently outstanding Preferred Stock is set forth below.

Concurrently with the closing of the Offering, officers of the Company will cause to be filed in Delaware and to take effect a Restated Certificate of Incorporation of the Company (the "Restated Certificate"). Under the Restated Certificate, the Company will have authority to issue an aggregate of 160,000,000 shares of capital stock, consisting of 150,000,000 shares of Common Stock, par value \$.002 per share, and 10,000,000 shares of preferred stock.

Set forth below is a description of the Common Stock, and of preferred stock that may be issued, under the Restated Certificate.

COMMON STOCK

The rights of the holders of the Common Stock discussed below are subject to such rights as the Board of Directors may hereafter confer on the holders of the preferred stock; accordingly, rights conferred on holders of preferred stock issued under the Restated Certificate may adversely affect the rights of holders of the Common Stock.

Subject to the right of holders of Preferred Stock, the holders of outstanding shares of Common Stock are entitled to receive dividends out of assets legally available therefor, at such times and in such amounts as the Board of Directors may from time to time determine. See "Dividend Policy." The shares of Common Stock are neither redeemable nor convertible and the holders thereof have no preemptive or subscription rights to purchase any securities of the Company. Upon liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to receive, PRO RATA, the assets of the Company that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of Preferred Stock then outstanding. Each outstanding share of Common Stock is entitled to one vote on all matters submitted to a vote of stockholders. There is no cumulative voting in the election of directors.

PREFERRED STOCK

The Restated Certificate authorizes the Board of Directors to issue preferred stock in classes or series and to establish the designations, preferences, qualifications, limitations or restrictions of any class or series with respect to, among other things, the rate and nature of dividends, the price, terms and conditions on which shares may be redeemed, the terms and conditions for conversion or exchange into any other class or series of the stock and voting rights. The Company will have authority, without approval of the holders of Common Stock, to issue preferred stock that has voting, dividend or liquidation rights superior to the Common Stock and that may adversely affect the rights of holders of Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of Common Stock and could have the effect of delaying, deferring or preventing a change in control of the Company. The Company currently has no plans to issue any shares of preferred stock.

DELAWARE STATUTORY BUSINESS COMBINATION PROVISION

Section 203 of the Delaware General Corporation Law ("DGCL") is applicable to corporate takeovers in Delaware. Subject to certain exceptions set forth therein, Section 203 of the DGCL provides that a corporation shall not engage in any business combination with any "interested stockholder" for a three-year

period following the date that such stockholder becomes an interested stockholder unless (a) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (b) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding certain specified shares) or (c) on or subsequent to such date, the business combination is approved by the board of directors of the corporation and by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder. Except as specified therein, an "interested stockholder" is defined to include any person that is (i) the owner of 15% or more of the outstanding voting stock of the corporation, (ii) an affiliate or associate of that corporation and was the owner of 15% or more of the outstanding voting stock of the corporation, at any time within three years immediately prior to the relevant date, and (iii) an affiliate or associate of the persons described in the foregoing clauses (i) or (ii). Under certain circumstances, Section 203 of the DGCL makes it more difficult for an "interested stockholder" to effect various business combinations with a corporation for a three-year period, although the stockholders may, by adopting an amendment to the corporation's certificate of incorporation or By-laws, elect for the corporation not to be governed by Section 203, effective twelve months after adoption. None of the Certificate of Incorporation, the Restated Certificate and the By-laws exempt the Company from the restrictions imposed under Section 203 of the DGCL. It is anticipated that the provisions of Section 203 of the DGCL may encourage companies interested in acquiring the Company to negotiate in advance with the Board of Directors of the Company because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offering, TeleTech will have outstanding 55,046,240 shares of Common Stock. Of these outstanding shares of Common Stock, 8,015,200 shares, including the shares to be sold in the Offering, will be freely tradeable without restriction or further registration under the Securities Act, unless purchased by "affiliates" of TeleTech, as that term is defined in Rule 144 promulgated under the Securities Act. The remaining 49,031,040 shares of Common Stock are "restricted securities" as the term is defined in Rule 144 ("Restricted Shares"). Restricted Shares may be sold in the public market only if registered or if such shares qualify for an exemption from registration under Rules 144 or 701 promulgated under the Securities Act, which are summarized below. Sales of the Restricted Shares in the public market, or the availability of such shares for sale, could adversely affect the market price of the Common Stock.

All officers and directors and certain stockholders (including the Selling Stockholders) and option holders of TeleTech have agreed that they will not, directly or indirectly, without the prior written consent of Morgan Stanley & Co. Incorporated, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exchangeable for Common Stock, for a period of 180 days after the date of this Prospectus. The Company has been advised that TIGP, one of the Selling Stockholders, intends to dissolve after the Offering and distribute its shares of Common Stock to its partners, provided that all of such partners have agreed to be bound by the 180-day lock-up arrangement. The number of outstanding shares subject to the lock-up arrangements that will be available for sale in the public market, upon expiration of the 180-day lock-up period, will be approximately shares. The approximately remaining Restricted Shares will become eligible for sale upon expiration of their respective two-year holding periods or upon exercise of the registration rights described below.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned Restricted Shares for at least two years (including, in certain circumstances, the holding period of a prior owner) would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (i) one percent of the number of shares of Common Stock then outstanding (which will equal approximately 570,400 shares immediately after the Offering); or (ii) the average weekly trading volume of the Common Stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain "manner of sale" provisions and notice requirements and to the availability of current public information about TeleTech. Under Rule 144(k), a person who is not deemed to have been an affiliate of TeleTech at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least three years (including, in certain circumstances, the holding period of a prior owner), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144; therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of the offering.

In addition, any employee, officer or director of or consultant to TeleTech who purchased his or her shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the public information, volume limitation or notice provisions of Rule 144.

Following the Offering, the Company intends to file under the Securities Act one or more registration statements on Form S-8 to register all of the shares of Common Stock (i) subject to outstanding options and reserved for future option grants under the Option Plan and (ii) subject to options granted outside of the Option Plan. These registration statements are expected to become effective upon filing and shares covered by these registration statements will be eligible for sale, subject, in the case of affiliates only, to the restrictions of Rule 144, other than the holding period requirement, and subject to expiration of the lock-up agreements with the Underwriters.

Pursuant to the Amended and Restated Investment Agreement to take effect upon the closing of the Offering, the Existing Stockholders are entitled, by majority vote, to require TeleTech, at its sole expense, to register under the Securities Act all or part of their Common Stock. In addition, if TeleTech proposes to register any of its securities under the Securities Act for its own account, the Existing Stockholders may require TeleTech, at its sole expense, to include in such registration all or part of the 9,300,000 shares of Common Stock owned by the Existing Stockholders. These registration rights will continue in effect following the Preferred Stock Conversion and the closing of the Offering. An aggregate of 1,000,000 such shares are being registered by the Selling Stockholder in connection with the Offering. See "Compensation Committee Interlocks and Insider Participation."

Under the terms of the Stock Transfer and Registration Rights Agreement, if TeleTech proposes to register any of its securities under the Securities Act for its own account, the Common Stockholders may require TeleTech, at its sole expense, to include in such registration all or part of the 970,240 shares of Common Stock held by the Common Stockholders. None of such shares are being registered in connection with the Offering. See "Certain Relationships and Related Party Transactions."

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS
FOR NON-U.S. HOLDERS OF COMMON STOCK

The following discussion concerns the material United States federal income and estate tax consequences of the ownership and disposition of shares of Common Stock applicable to Non-U.S. Holders of such shares of Common Stock. In general, a "Non-U.S. Holder" is any holder other than (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in the United States or under the law of the United States or any State or (iii) an estate or trust whose income is includible in gross income for United States federal income tax purposes regardless of its source. The discussion is based on current law, which is subject to change retroactively or prospectively, and is for general information only. The discussion does not address all aspects of federal income and estate taxation and does not address any aspects of state, local or non-U.S. tax laws. The discussion does not consider any specific facts or circumstances that may apply to a particular Non-U.S. Holder (including the fact that in the case of a Non-U.S. Holder that is a partnership, the United States tax consequences of holding and disposing of shares of Common Stock may be affected by certain determinations made at the partner level). Accordingly, prospective investors are urged to consult their tax advisors regarding the United States federal, state, local and non-U.S. income and other tax consequences of holding and disposing of shares of Common Stock.

DIVIDENDS. Dividends, if any (see "Dividend Policy"), paid to a Non-U.S. Holder generally will be subject to United States withholding tax at a 30% rate (or a lower rate as may be prescribed by an applicable tax treaty) unless the dividends are effectively connected with a trade or business of the Non-U.S. Holder within the United States. Dividends effectively connected with a trade or business will generally not be subject to withholding (if the Non-U.S. Holder properly files an executed United States Internal Revenue Service ("IRS") Form 4224 with the payor of the dividend) and generally will be subject to United States federal income tax on a net income basis at regular graduated rates. In the case of a Non-U.S. Holder which is a corporation, such effectively connected income also may be subject to the branch profits tax (which is generally imposed on a foreign corporation on the repatriation from the United States of effectively connected earnings and profits). The branch profits tax may not apply if the recipient is a qualified resident of certain countries with which the United States has an income tax treaty. To determine the applicability of a tax treaty providing for a lower rate of withholding, dividends paid to a stockholder's address of record in a foreign country are presumed, under the current IRS position, to be paid to a resident of that country, unless the payor has knowledge that such presumption is not warranted or an applicable tax treaty (or United States Treasury Regulations thereunder) requires some other method for determining a non-U.S. Holder's residence. However, recently proposed U.S. Treasury Regulations, if adopted, would modify the forms and procedures for this certification.

SALE OF COMMON STOCK. Generally, a Non-U.S. Holder will not be subject to United States federal income tax on any gain realized upon the disposition of such holder's shares of Common Stock unless (i) the gain is effectively connected with a trade or business carried on by the Non-U.S. Holder with the United States (in which case the branch profits tax may apply); (ii) the Non-U.S. Holder is an individual who holds the shares of Common Stock as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and to whom such gain is United States source; (iii) the Non-U.S. Holder is subject to tax pursuant to the provisions of U.S. tax law applicable to certain former United States citizens or residents; or (iv) the Company is or has been a "U.S. real property holding corporation" for federal income tax purposes (which the Company does not believe that it is or is likely to become) at any time during the five year period ending on the date of disposition (or such shorter period that such shares were held) and, subject to certain exceptions, the Non-U.S. Holder held, directly or indirectly, more than five percent of the Common Stock.

ESTATE TAX. Shares of Common Stock owned or treated as owned by an individual who is not a citizen or resident (as specifically defined for United States federal estate tax purposes) of the United States at the time of death may be subject to United States federal estate tax.

BACKUP WITHHOLDING AND INFORMATION REPORTING

DIVIDENDS. The Company must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to and the tax withheld, if any, with respect to such holder. These information reporting requirements apply regardless of whether withholding was reduced by an applicable tax treaty. Copies of these information returns may also be available under the provisions of a specific treaty or agreement with the tax authorities in the country in which the Non-U.S. Holder resides. Dividends that are subject to United States withholding tax at the 30% statutory rate or at a reduced tax treaty rate and dividends that are effectively connected with the conduct of a trade or business in the United States (if certain certification and disclosure requirements are met) are exempt from backup withholding of U.S. federal income tax. In general, backup withholding at a rate of 31% and information reporting will apply to other dividends paid on shares of Common Stock to holders that are not "exempt recipients" and fail to provide in the manner required certain identifying information (such as the holder's name, address and taxpayer identification number). Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

DISPOSITIONS OF COMMON STOCK. The payment of the proceeds from the disposition of shares of Common Stock through the United States office of a broker will be subject to information reporting and backup withholding unless the holder, under penalties of perjury, certifies, among other things, its status as a Non-U.S. Holder, or otherwise establishes an exemption. Generally, the payment of the proceeds from the disposition of shares of Common Stock to or through a non-U.S. office of a broker will not be subject to backup withholding and will not be subject to information reporting. In the case of the payment of proceeds from the disposition of shares of Common Stock through a non-U.S. office of a broker that is a U.S. person or a "U.S.-related person," existing regulations require information reporting (but not backup withholding) on the payment unless the broker receives a statement from the owner, signed under penalties of perjury, certifying, among other things, its status as a Non-U.S. Holder, or the broker has documentary evidence in its files that the owner is a Non-U.S. Holder and the broker has no actual knowledge to the contrary. For tax purpose, a "U.S.-related person" is (i) a "controlled foreign corporation" for United States federal income tax purposes or (ii) a foreign person 50% or more of whose gross income from all sources for the three year period ending with the close of its taxable year preceding the payment (or for such part of the period that the broker has been in existence) is derived from activities that are effectively connected with the conduct of a United States trade or business.

Any amount withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such holder's United States federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the IRS. Non-U.S. Holders should consult their tax advisors regarding the application of these rules to their particular situations, the availability of an exemption therefrom and the procedures for obtaining such an exemption, if available.

UNDERWRITERS

Under the terms and subject to conditions contained in an Underwriting Agreement dated the date hereof, the U.S. Underwriters named below, for whom Morgan Stanley & Co. Incorporated, Alex. Brown & Sons Incorporated and Smith Barney Inc. are serving as U.S. Representatives, have severally agreed to purchase, and the Company and the Selling Stockholders have severally agreed to sell, and the International Underwriters named below, for whom Morgan Stanley & Co. International Limited, Alex. Brown & Sons Incorporated and Smith Barney Inc. are serving as International Representatives (collectively with the U.S. Representatives, the "Representatives"), have severally agreed to purchase, and the Company and the Selling Stockholders have severally agreed to sell, the respective number of shares of Common Stock that in the aggregate equal the number of shares set forth opposite the names of such Underwriters below:

NAME	NUMBER OF SHARES
-----	-----
U.S. Underwriters:	
Morgan Stanley & Co. Incorporated.....	
Alex. Brown & Sons Incorporated.....	
Smith Barney Inc.....	
Subtotal.....	
International Underwriters:	
Morgan Stanley & Co. International Limited.....	
Alex. Brown & Sons Incorporated.....	
Smith Barney Inc.....	
Subtotal.....	
Total.....	

The U.S. Underwriters and the International Underwriters are collectively referred to as the "Underwriters." The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of Common Stock offered hereby are subject to the approval of certain legal matters by counsel and to certain other conditions, including the conditions that no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose are pending before or threatened by the Securities and Exchange Commission and that there has been no material adverse change or any development involving a prospective material adverse change in the earnings, results of operations or financial condition of the Company and its subsidiaries, taken as a whole, from that set forth in the Registration Statement. The Underwriters are obligated to take and pay for all of the shares of Common Stock offered hereby (other than those covered by the over-allotment option described below) if any are taken.

Pursuant to the Agreement Between U.S. and International Underwriters, each U.S. Underwriter has represented and agreed that, with certain exceptions set forth below, (i) it is not purchasing any U.S. Shares (as defined below) for the account of anyone other than a United States or Canadian Person (as defined below) and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any U.S. Shares or distribute this Prospectus outside the United States or Canada or to anyone other than a United States or Canadian Person. Pursuant to the Agreement Between U.S. and International Underwriters, each International Underwriter has represented and agreed that, with certain exceptions set forth below, (a) it is not purchasing any International Shares (as defined below) for the account of any United States or Canadian Person and (b) it has not offered or sold, and will not offer or sell, directly or indirectly, any International Shares or distribute this Prospectus within the United States or Canada or to any United States or Canadian Person. The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement Between U.S. and International Underwriters. With respect to Smith Barney Inc.

and Alex. Brown & Sons Incorporated, the foregoing representations or agreements (a) made by them in their capacity as U.S. Underwriters shall apply only to shares of Common Stock purchased by them in their capacity as U.S. Underwriters, (b) made by them in their capacity as International Underwriters shall apply only to shares of Common Stock purchased by them in their capacity as International Underwriters and (c) shall not restrict their ability to distribute this Prospectus to any person. As used herein, "United States or Canadian Person" means any national or resident of the United States or Canada or any corporation, pension, profit-sharing or other trust or other entity organized under the laws of the United States or Canada or of any political subdivision thereof (other than a branch located outside of the United States and Canada of any United States or Canadian Person) and includes any United States or Canadian branch of a person who is not otherwise a United States or Canadian Person, and "United States" means the United States of America, its territories, its possessions and all areas subject to its jurisdiction. All shares of Common Stock to be offered by the U.S. Underwriters and International Underwriters under the Underwriting Agreement are referred to herein as the "U.S. Shares" and the "International Shares," respectively.

Pursuant to the Agreement Between U.S. and International Underwriters, sales may be made between the U.S. Underwriters and the International Underwriters of any number of shares of Common Stock to be purchased pursuant to the Underwriting Agreement as may be mutually agreed. The per share price and currency settlement of any shares of Common Stock so sold shall be the public offering price range set forth on the cover page hereof, in United States dollars, less an amount not greater than the per share amount of the concession to dealers set forth below.

Pursuant to the Agreement Between U.S. and International Underwriters, each U.S. Underwriter has represented that it has not offered or sold, and has agreed not to offer or sell, any shares of Common Stock, directly or indirectly, in Canada in contravention of the securities laws of Canada or any province or territory thereof and has represented that any offer of such shares in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made. Each U.S. Underwriter has further agreed to send to any dealer who purchases from it any shares of Common Stock a notice starting in substance that, by purchasing such shares, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such shares in Canada in contravention of the securities laws of Canada or any province or territory thereof and that any offer of shares of Common Stock in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made, and that such dealer will deliver to any other dealer to whom it sells any of such shares a notice to the foregoing effect.

Pursuant to the Agreement Between U.S. and International Underwriters, each International Underwriter has represented that (i) it has not offered or sold and will not offer or sell any shares of Common Stock to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (the "Regulations"); (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 and the Regulations with respect to anything done by it in relation to such shares in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issue of such shares, if that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995, or is a person to whom such document may otherwise lawfully be issued or passed on.

Pursuant to the Agreement Between U.S. and International Underwriters, each International Underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, in Japan or to or for the account of any resident thereof, any shares of Common Stock acquired in connection with the Offering, except for offers or sales of Japanese International Underwriters or dealers and except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan. Each International Underwriter has further agreed to send to any dealer who purchases from it any of such shares of Common Stock a notice stating in substance that such dealer may not offer or sell any

of such shares, directly or indirectly, in Japan or to or for the account of any resident thereof, except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan, and that such dealer will send to any other dealer to whom it sells any of such shares a notice to the foregoing effect.

The Underwriters propose to offer part of the shares of Common Stock offered hereby directly to the public at the public offering price set forth in the cover page hereof and part to certain dealers at a price which represents a concession not in excess of \$ per share under the public offering price. The Underwriters may allow, and such dealers may re-allow, a concession not in excess of \$ per share to other Underwriters or to certain other dealers. After the initial offering of the shares of Common Stock, the offering price and other selling terms may from time to time be varied by the Representatives.

Pursuant to the Underwriting Agreement, Mr. Tuchman, one of the Selling Stockholders, has granted to the U.S. Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to an additional 900,000 shares of Common Stock at the public offering price set forth on the cover page hereof, less underwriting discounts and commissions. The U.S. Underwriters may exercise such option to purchase solely for the purpose of covering over-allotments, if any, incurred in the sale of the shares of Common Stock offered hereby. To the extent such option is exercised, each U.S. Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares as the number set forth next to such U.S. Underwriters' name in the preceding table bears to the total number of shares of Common Stock offered hereby to the U.S. Underwriters.

The Representatives have informed the Company and the Selling Stockholders that the Underwriters do not intend to confirm sales to accounts over which they exercise discretionary authority.

The Company, the Selling Stockholders and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

See "Shares Eligible for Future Sale" for a description of certain arrangements by which all officers, directors and certain stockholders and option holders of the Company have agreed not to sell or otherwise dispose of Common Stock or convertible securities of the Company for up to 180 days after the date of this Prospectus without the prior consent of Morgan Stanley & Co. Incorporated. The Company and the Selling Stockholders have agreed in the Underwriting Agreement that they will not, directly or indirectly, without the prior written consent of Morgan Stanley & Co. Incorporated, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exchangeable for Common Stock, for a period of 180 days after the date of this Prospectus, except under certain circumstances. TIGP, one of the Selling Stockholders, is permitted to distribute its remaining shares of Common Stock to its partners, provided that all of such partners have agreed to be bound by the 180-day lock-up arrangement.

PRICING OF THE OFFERING

Prior to the Offering, there has been no public market for the Company's Common Stock. The initial public offering price will be determined by negotiation between the Company and the Representatives. Among the factors to be considered in determining the initial public offering price will be the future prospects of the Company and its industry in general, revenues, earnings and certain other financial and operating information of the Company in recent periods and the price-earnings ratios, price-revenues ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company. The estimated initial public offering price range set forth on the cover page of this Preliminary Prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for TeleTech by Neal, Gerber & Eisenberg, Chicago, Illinois. Certain legal matters in connection with the Offering will be passed upon for the Underwriters by Katten Muchin & Zavis, Chicago, Illinois.

EXPERTS

The financial statements of TeleTech as of December 31, 1994 and 1995, and for each of the two years in the period ended December 31, 1995 and the financial statements Access 24 for the 10 months ended December 31, 1995 and for the year ended February 28, 1995 included in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

The financial statements of TeleTech as of December 31, 1993 and for the 11 month period ended December 31, 1993 included in this Prospectus and elsewhere in the Registration Statement have been audited by Gumbiner, Savett, Finkel, Fingleson & Rose, Inc. (formerly Gumbiner, Savett, Friedman & Rose, Inc.), independent public accountants, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

ADDITIONAL INFORMATION

TeleTech has filed with the Commission under the Securities Act a Registration Statement on Form S-1 with respect to the Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, omits certain of the information contained in the Registration Statement and the exhibits and schedules thereto on file with the Commission pursuant to the Securities Act and the rules and regulations of the Commission thereunder. For further information with respect to TeleTech and the Common Stock, reference is made to the Registration Statement and the exhibits and schedules thereto. The Registration Statement, including exhibits and schedules thereto, may be inspected and copied at the public reference facilities maintained by the Commission, including at the Commission's Public Reference Room, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549, and at the Commission's Regional Offices at 7 World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies may be obtained at prescribed rates from the Public Reference Section of the Commission as its principal office in Washington, D.C.

Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other documents filed as an exhibit to the Registration Statement, each such statement being qualified in its entirety by such reference.

INDEX TO FINANCIAL STATEMENTS
TELETECH HOLDINGS, INC.

	PAGE

Report of Gumbiner, Savett, Finkel, Fingleson & Rose, Inc. (formerly Gumbiner, Savett, Friedman & Rose, Inc.).....	F-2
Report of Arthur Andersen LLP.....	F-3
Consolidated and Combined Balance Sheets as of December 31, 1994 and 1995, and March 31, 1996.....	F-4
Consolidated and Combined Statements of Income for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995 and the three months ended March 31, 1995 and 1996.....	F-6
Consolidated and Combined Statements of Stockholders' Equity for the years ended December 1994 and 1995....	F-7
Consolidated and Combined Statements of Cash Flows for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995 and the three months ended March 31, 1995 and 1996.....	F-8
Notes to Consolidated and Combined Financial Statements for the years ended December 31, 1994 and 1995 and for the eleven months ended December 31, 1993 and for the three months ended March 31, 1995 and 1996.....	F-10

ACCESS 24 SERVICE CORPORATION PTY LIMITED
AND CONTROLLED ENTITIES

	PAGE

Consolidated Balance Sheets as of February 29, 1995 and December 31, 1995.....	F-26
Consolidated Profit and Loss Accounts for the year ended February 28, 1995 and the ten months ended December 31, 1995.....	F-27
Consolidated Statements of Cash Flows for the year ended February 28, 1995 and the ten months ended December 31, 1995.....	F-28
Notes to the Consolidated Financial Statements for the years ended February 28, 1995 and the ten months ended December 31, 1995.....	F-29

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
TeleTech Holdings, Inc.
Denver, Colorado

We have audited the accompanying combined statements of income and cash flows of TeleTech Telecommunications, Inc. and TeleTech Teleservices, Inc. ("the Companies") (see Note 1) for the eleven months ended December 31, 1993. These combined statements of income and cash flows are the responsibility of the Companies' management. Our responsibility is to express an opinion on these combined statements of income and cash flows based on our audit.

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

In our opinion, the combined statements of income and cash flows referred to above present fairly, in all material respects, the results of the Companies' operations and cash flows for the eleven months ended December 31, 1993 in conformity with generally accepted accounting principles.

GUMBINER, SAVETT, FINKEL, FINGLESON & ROSE, INC.
(formerly Gumbiner, Savett, Friedman & Rose, Inc.)

Santa Monica, California
April 13, 1994

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To TeleTech Holdings, Inc.:

We have audited the accompanying consolidated and combined balance sheets of TELETECH HOLDINGS, INC. (a Delaware corporation) and subsidiaries, as of December 31, 1994 and 1995, and the related consolidated and combined statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 consolidated and combined financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of TeleTech Holdings, Inc. and subsidiaries as of December 31, 1994 and 1995, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Denver, Colorado,
February 10, 1996.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED BALANCE SHEETS

ASSETS	DECEMBER 31		MARCH 31, 1996 (UNAUDITED)	PRO FORMA MARCH 31, 1996 (UNAUDITED) (NOTE 1)
	1994	1995		
CURRENT ASSETS:				
Cash and cash equivalents.....	\$ 37,733	\$ 42,304	\$ 728,403	
Short-term investments.....	--	10,361,213	8,203,527	
Accounts receivable, net of allowance for doubtful accounts of \$172,512, \$788,907 and \$896,685, respectively.....	4,298,147	9,786,123	14,280,609	
Prepays and other assets.....	201,439	238,022	608,896	
Deposits.....	123,883	220,243	432,010	
Deferred tax asset (Note 8).....	--	485,742	637,720	
Total current assets.....	4,661,202	21,133,647	24,891,165	
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$3,935,136, \$6,059,424 and \$6,987,766, respectively.....	5,386,456	9,103,701	16,308,351	
OTHER ASSETS:				
Deposits.....	53,968	--	--	
Deferred contract costs (Note 1).....	--	345,978	1,731,234	
Goodwill (net of amortization of \$108,000) (Note 1).....	--	--	6,272,193	
Other assets.....	--	--	251,297	
Total assets.....	\$ 10,101,626	\$ 30,583,326	\$ 49,454,240	

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

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31		MARCH 31, 1996 (UNAUDITED)	PRO FORMA MARCH 31, 1996 (UNAUDITED) (NOTE 1)
	1994	1995		
CURRENT LIABILITIES:				
Bank overdraft.....	\$ 560,490	\$ 1,427,017	\$ --	
Short term borrowings (Note 6).....	638,635	1,000,000	3,500,000	
Current portion of capital lease obligations (Note 4).....	401,001	1,255,966	2,129,440	
Current portion of other long-term debt (Note 5).....	624,483	195,660	189,443	
Current portion of subordinated notes payable to stockholder (Note 7).....	145,299	--	--	
Accounts payable.....	1,442,503	2,604,297	4,820,221	
Accrued employee compensation.....	962,664	1,742,915	3,452,438	
Other accrued expenses.....	475,142	1,261,984	4,322,239	
Customer advances and deposits.....	165,756	292,626	537,282	
Deferred income.....	25,683	47,699	560,215	
Total current liabilities.....	5,441,656	9,828,164	19,511,278	
DEFERRED TAX LIABILITIES (Note 8).....	--	507,365	498,790	
LONG-TERM DEBT, net of current portion:				
Capital lease obligations (Note 4).....	911,578	3,192,997	5,408,307	
Subordinated note payable to stockholder (Note 7).....	959,038	--	--	
Other debt (Note 5).....	592,282	396,618	1,127,846	
Total liabilities.....	7,904,554	13,925,144	26,546,221	
COMMITMENTS AND CONTINGENCIES (Note 9)				
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK (Notes 1 and 11):				
\$6.45 par value, 1,860,000 shares authorized, zero, 1,860,000, 1,860,000, and zero shares respectively issued and outstanding (including accrued dividends of zero, \$867,430, \$1,078,645 and zero).....	--	12,867,430	13,078,645	--
STOCKHOLDERS' EQUITY (Note 1):				
Common stock, \$.002 par value, 150,000,000 shares authorized, zero, 40,700,000, 41,746,240 and 51,046,240 shares, respectively issued and outstanding.....	--	81,400	83,493	102,093
Common stock of combined entities, no par value 10,000,000 shares authorized, 127,500, zero, zero and zero shares, respectively, issued and outstanding.....	25,000	--	--	--
Additional paid-in capital.....	--	2,172,072	7,401,179	20,461,224
Cumulative translation adjustment.....	--	--	141,095	141,095
Unearned compensation-restricted stock.....	--	--	(380,000)	(380,000)
Retained earnings.....	2,172,072	1,537,280	2,583,607	2,583,607
Total stockholders' equity.....	2,197,072	3,790,752	9,829,374	22,908,019
Total liabilities and stockholders' equity.....	\$ 10,101,626	\$ 30,583,326	\$ 49,454,240	

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

CONSOLIDATED AND COMBINED STATEMENTS OF INCOME

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY

	MANDATORILY REDEEMABLE, CONVERTIBLE PREFERRED STOCK		STOCKHOLDERS' EQUITY				
			COMMON STOCK		COMMON STOCK OF COMBINED ENTITIES	ADDITIONAL PAID-IN CAPITAL	CUMULATIVE TRANSLATION ADJUSTMENT
	SHARES	AMOUNT	SHARES	AMOUNT			
BALANCES, January 1, 1994.....					\$ 25,000	\$ --	\$ --
Distribution to stockholder.....					--	--	--
Net income.....					--	--	--
BALANCES, December 31, 1994.....	--	\$ --	--	\$ --	25,000	--	--
Issue of Preferred Stock (Note 11)....	1,860,000	12,000,000	--	--	--	--	--
Adjustment to reclassify retained earnings to additional paid in capital upon termination of S corporation election (Note 11).....	--	--	--	--	--	2,172,072	--
Stock exchange (Note 1).....	--	--	40,700,000	81,400	(25,000)	--	--
Distribution to stockholder.....	--	--	--	--	--	--	--
Net Income.....	--	--	--	--	--	--	--
Dividends accrued on Preferred Stock (Note 11).....	--	867,430	--	--	--	--	--
BALANCES, December 31, 1995.....	1,860,000	12,867,430	40,700,000	81,400	--	2,172,072	--
Purchase of Access 24 (Note 16).....	--	--	970,240	1,941	--	4,849,259	--
Cumulative translation adjustments.....	--	--	--	--	--	--	141,095
Net income.....	--	--	--	--	--	--	--
Dividends accrued on Preferred Stock (Note 11).....	--	211,215	--	--	--	--	--
Issuance of restricted stock for compensation.....	--	--	76,000	152	--	379,848	--
BALANCES, March 31, 1996 (unaudited)....	1,860,000	13,078,645	41,746,240	83,493	--	7,401,179	141,095
Pro Forma adjustment to reflect conversion of Mandatorily Redeemable Preferred Stock to Common Stock (Note 11).....	(1,860,000)	(13,078,645)	9,300,000	18,600	--	13,060,045	--
BALANCES, Pro Forma March 31, 1996 (unaudited).....	--	\$ --	51,046,240	\$ 102,093	\$ --	\$20,461,224	\$ 141,095

	UNEARNED COMPENSATION- RESTRICTED STOCK		TOTAL STOCKHOLDERS' EQUITY	
		RETAINED EARNINGS		
BALANCES, January 1, 1994.....	\$ --	\$ 917,098	\$ 942,098	
Distribution to stockholder.....	--	(440,000)	(440,000)	
Net income.....	--	1,694,974	1,694,974	
BALANCES, December 31, 1994.....	--	2,172,072	2,197,072	
Issue of Preferred Stock (Note 11)....	--	--	--	
Adjustment to reclassify retained earnings to additional paid in capital upon termination of S corporation election (Note 11).....	--	(2,172,072)	--	
Stock exchange (Note 1).....	--	(56,400)	--	
Distribution to stockholder.....	--	(1,694,974)	(1,694,974)	
Net Income.....	--	4,156,084	4,156,084	
Dividends accrued on Preferred Stock (Note 11).....	--	(867,430)	(867,430)	
BALANCES, December 31, 1995.....	--	1,537,280	3,790,752	
Purchase of Access 24 (Note 16).....	--	--	4,851,200	
Cumulative translation adjustments.....	--	--	141,095	
Net income.....	--	1,257,542	1,257,542	
Dividends accrued on Preferred Stock (Note 11).....	--	(211,215)	(211,215)	
Issuance of restricted stock for compensation.....	(380,000)	--	--	
BALANCES, March 31, 1996 (unaudited)....	(380,000)	2,583,607	9,829,374	
Pro Forma adjustment to reflect conversion of Mandatorily Redeemable Preferred Stock to Common Stock (Note 11).....	--	--	13,078,645	
BALANCES, Pro Forma March 31, 1996 (unaudited).....	\$ (380,000)	\$2,583,607	\$22,908,019	

The accompanying notes are an integral part of these statements.

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

	ELEVEN MONTHS ENDED DECEMBER 31, 1993	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		1994	1995	1995	1996
				</	

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)

TeleTech Holdings, Inc. ("THI" or the "Company") is a provider of outsourced strategic customer care solutions for Fortune 1000 corporations in targeted industries in the United States, United Kingdom, Australia and New Zealand. Customer care 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 consolidated financial statements are comprised of the accounts of THI and its wholly owned subsidiaries, TeleTech Telecommunications, Inc., a California corporation ("TTC"), TeleTech Teleservices, Inc., a Colorado corporation ("TTS") and effective January 1, 1996, Access 24 and subsidiaries (Note 16), (jointly "the Group"). Prior to January 1, 1995, the Group comprised TTC and TTS, held under the common ownership of a sole stockholder ("the Stockholder"). Financial statements for 1993 and 1994 represent the combined financial statements of TTC and TTS.

In January 1995, a Preferred Stock Purchase Agreement and an Investment Agreement (collectively the "Agreements") were executed by TeleTech Investors General Partnership ("TIGP"), Essaness Theaters Corporation ("Essaness") and the Stockholder. The Stockholder of TTC and TTS contributed 100% of his shares in these companies to THI, a newly formed Delaware corporation, in exchange for 40,700,000 shares of THI's common stock, which constituted 100% of THI's outstanding stock. Concurrent with this stock exchange, TIGP and Essaness purchased an aggregate of 1,860,000 shares of THI's convertible preferred stock ("Preferred Stock") for \$12 million. The Preferred Stock is initially convertible into 9,300,000 shares of THI's common stock (Note 11). TIGP and Essaness purchased 1,705,000 and 155,000 shares of the Preferred Stock, respectively. The Agreements also required THI to enter into employment agreements with key executives, to obtain key man life and disability insurance policies and to adopt a stock option plan for key employees.

The exchange of stock constituted a reorganization of entities under common control and the assets and liabilities of TTC and TTS are reflected in the consolidated financial statements of THI based on their historical cost to TTC and TTS.

All intercompany balances and transactions have been eliminated in the consolidated and combined financial statements.

UNAUDITED PRO FORMA INFORMATION

If the offering contemplated by this Prospectus is consummated, all of the Preferred Stock outstanding at the closing date will be converted into shares of Common Stock ("Common Stock"). The unaudited pro forma balance sheet as of March 31, 1996, reflects the conversion of outstanding Preferred Stock at March 31, 1996 into 9,300,000 shares of Common Stock.

INTERIM FINANCIAL STATEMENTS

The consolidated financial statements of THI as of March 31, 1995 and 1996 presented herein have been prepared by THI without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The 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 THI and subsidiaries as of March 31, 1995 and 1996, and for the periods then ended.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
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 are not included in determining net income, but are accumulated as a separate component of shareholders' equity. Foreign currency transaction gains and losses are included in determining net income. Such gains and losses were not material for any period presented.

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. Costs relating to the internal development of software are expensed as incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, as follows:

Computer equipment and software.....	5 years
Telephone equipment.....	5 years
Furniture and fixtures.....	5-7 years
Leasehold improvements.....	5-7 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 on termination of the lease).

REVENUE RECOGNITION

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

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations when incurred and are included in operating expenses. Research and development costs amounted to approximately \$430,000, \$684,000, \$458,000, \$108,000 (unaudited) and \$102,000 (unaudited) for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995, and the three-month periods ended March 31, 1995 and 1996, respectively.

DEFERRED CONTRACT COST

The Company defers certain direct costs incurred in connection with preparing to provide services under long-term facilities management agreements. Costs that have been deferred include the costs of hiring dedicated personnel to manage client-owned facilities, their related payroll and other directly associated costs from the time long-term facilities management agreements are entered into until the beginning of providing services. Such costs are amortized ratably over the life of the long-term facilities management agreements based on total estimated revenues to be earned under the agreements. Deferred contract costs

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

at December 31, 1995 and March 31, 1996 include costs incurred in preparing to provide services under a five year agreement entered into in October, 1995, under which the Company began providing services during April 1996.

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 15 years. Accumulated amortization of intangible assets for the three-month period ended March 31, 1996, was \$108,000 (unaudited). No amortization expense was recorded in prior periods.

Subsequent to an acquisition, the corporation 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 corporation 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 consider that any provision for impairment of intangible assets is required.

INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109") which requires recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions which 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 are then reduced by a valuation allowance for amounts which do not satisfy the realization criteria of SFAS 109.

During 1993 and 1994, TTC and TTS were S corporations and their income was taxable to the Stockholder rather than the companies. Effective January 1, 1995, S corporation status terminated and THI and its domestic subsidiaries began to file consolidated corporate Federal and state income tax returns (Access 24, (Note 16) will file separate tax returns in Australia). As required by SFAS 109, this change in tax status was recognized by establishing deferred tax assets and liabilities for temporary differences between the tax basis and amounts reported in the accompanying consolidated balance sheet (Note 8).

EARNINGS PER SHARE

Earnings per share are computed based upon the weighted average number of common shares and common share equivalents outstanding. The shares of convertible Preferred Stock are considered common stock equivalents due to the mandatory conversion provision (Note 11). Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, common stock and common stock equivalent shares issued by the Company at prices below the assumed public offering price during the twelve month period prior to the proposed offering date (using the treasury stock method) have been included in the calculation as if they were outstanding for all the periods presented regardless of whether they are antidilutive. On May 14, 1996, the Company approved a five for one share common stock split to be effective immediately prior and subject

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to the closing of the offering contemplated by this Registration Statement. Common stock amounts, equivalent share amounts and per share amounts have been adjusted retroactively to give effect to the stock split.

The weighted average number of common shares and common share equivalents was calculated as follows assuming the anticipated five-for-one stock split:

			YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31, ----- 1995 1996 -----	
	PRO FORMA ELEVEN MONTHS ENDED DECEMBER 31, 1993 ----- (UNAUDITED)	PRO FORMA YEAR ENDED DECEMBER 31, 1994 ----- (UNAUDITED)		(UNAUDITED)	
Common shares outstanding.....	40,700,000	40,700,000	40,700,000	40,700,000	41,746,240
Convertible preferred stock.....	--	--	9,300,000	9,300,000	9,300,000
Common equivalent shares.....	3,385,354	3,385,354	4,657,975	4,585,654	3,635,843
	-----	-----	-----	-----	-----
Shares used in computing pro forma net income per common and common equivalent share.....	44,085,354	44,085,354	54,657,975	54,585,654	54,682,083
	-----	-----	-----	-----	-----

For comparative purposes, the earnings per share for 1993 and 1994 have been calculated on a pro-forma basis as the historical earnings per share is not meaningful due to the Company reorganization on January 1, 1995.

A portion of the proceeds from the proposed public offering will be used to repay short-term borrowings. If this reduction had taken place at January 1, 1995 or January 1, 1996, the effect on pro forma earnings would have been immaterial.

INCREASE IN AUTHORIZED SHARES

On May 14, 1996, the Board of Directors authorized an amendment to the Company's Certificate of Incorporation that will be effective upon the closing of the proposed public offering of the Company's Common Stock. The amendment increases the authorized shares of Common Stock to 150,000,000 shares. The amendment also authorizes the Company to issue up to 10,000,000 shares of preferred stock.

RESTRICTED STOCK AWARDS

In January 1996, the Company awarded 76,000 restricted shares of the Company's common stock to certain employees as compensation to be earned over the term of the employees' related employment agreements (three years). The market value of the stock at the date of award was \$380,000. This amount has been recorded as unearned compensation-restricted stock and is shown as a separate component of stockholders' equity.

CASH AND CASH EQUIVALENTS

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

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(2) CONCENTRATIONS (CONTINUED)
GEOGRAPHIC AREA INFORMATION

Prior to the acquisition of Access 24 in January 1996 (Note 16), the Company operated exclusively within the United States. Unaudited geographic area information for the three months ended March 31, 1996 is as follows:

	UNITED STATES	EUROPE	ASIA PACIFIC	TOTAL
Revenues.....	\$ 18,680,313	\$ 476,576	\$ 2,862,456	\$ 22,019,345
Income (loss) before income taxes.....	2,054,659	(86,676)	290,861	2,258,844
Assets.....	37,317,780	1,794,743	10,341,717	49,454,240

(3) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 1994 and 1995, and March 31, 1996:

	DECEMBER 31,		
	1994	1995	MARCH 31, 1996
			(UNAUDITED)
Computer equipment and software.....	\$ 5,848,105	\$ 9,807,113	\$ 11,197,300
Telephone equipment.....	1,105,246	1,219,642	1,851,831
Furniture and fixtures.....	1,507,171	2,938,478	5,307,555
Leasehold improvements.....	861,070	1,197,892	4,915,141
Vehicles.....	--	--	24,290
	9,321,592	15,163,125	23,296,117
Less--Accumulated depreciation.....	(3,935,136)	(6,059,424)	(6,987,766)
	\$ 5,386,456	\$ 9,103,701	\$ 16,308,351

Included in the cost of property and equipment above is equipment obtained through capitalized leases. The following is a summary of equipment under capital leases as of December 31, 1994 and 1995, and March 31, 1996:

	DECEMBER 31,		
	1994	1995	MARCH 31, 1996
			(UNAUDITED)
Computer equipment and software.....	\$ 726,569	\$ 3,227,113	\$ 4,166,995
Telephone equipment.....	282,969	310,295	737,314
Furniture and fixtures.....	847,984	2,038,597	3,854,957
Vehicles.....	--	--	1,811
	1,857,522	5,576,005	8,761,077
Less--Accumulated depreciation.....	(556,704)	(1,291,704)	(1,073,018)
	\$ 1,300,818	\$ 4,284,301	\$ 7,688,059

Depreciation expense related to leased equipment under capital leases was \$109,556, \$409,518, \$984,597, \$77,947 (unaudited) and \$312,265 (unaudited) for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995, and the three-month periods ended March 31, 1995 and 1996, respectively.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(4) CAPITAL LEASE OBLIGATIONS

On July 11, 1995, the Company negotiated a master lease agreement with a bank under which it may lease equipment up to a value of \$8,000,000. As of May 13, 1996, the master lease has been amended to increase the lease line to \$15,000,000. The term of the leases are 48 months and interest is payable at the then most recent weekly average of three-year Treasury notes plus 125 basis points. In August 1995, the Company entered into another master lease agreement with a bank under which it may lease equipment. Under the agreement, individual lease terms are negotiated on a lease by lease basis. Subsequent to December 31, 1995, the Company entered into several leases under this agreement which are being accounted for as operating leases (See Note 9).

The Company finances a substantial portion of its property and equipment under noncancelable 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 8.9% at December 31, 1995. 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, 1995 and March 31, 1996 are as follows:

	DECEMBER 31, 1995 -----	MARCH 31, 1996 ----- (UNAUDITED)
Year ending December 31--		
1996.....	\$ 1,658,828	\$ 2,159,825
1997.....	1,594,470	2,608,577
1998.....	1,246,793	2,116,303
1999.....	570,519	1,217,108
2000.....	54,875	211,443
	-----	-----
Less--Amount representing interest.....	5,125,485 (676,522)	8,313,256 (775,509)
	-----	-----
Less--Current portion of capital lease obligations.....	4,448,963 (1,255,966)	7,537,747 (2,129,440)
	-----	-----
	\$ 3,192,997	\$ 5,408,307
	-----	-----

Interest expense on the outstanding obligations under such leases was \$39,981, \$160,483, \$312,653, \$73,350 (unaudited) and \$135,524 (unaudited) for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995, and the three-month periods ended March 31, 1995 and 1996, respectively.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(5) LONG-TERM DEBT

As of December 31, 1994 and 1995 and March 31, 1996, long-term debt consisted of the following (unsecured unless otherwise stated):

	DECEMBER 31,		
	1994	1995	MARCH 31,
			1996
			(UNAUDITED)
Note payable, interest at 8% per annum, principal and interest payable monthly at \$3,594, maturing May 2000.....	\$ 189,177	\$ 160,131	\$ 152,500
Note payable, collateralized by all of the assets of TTS, interest payable monthly at 6% per annum, principal due July 1995.....	350,000	--	--
Note payable, interest at 6% per annum, principal and interest payable monthly at \$4,563, maturing January 1997.....	106,989	57,297	44,403
Note payable, interest at 13% per annum, principal and interest payable monthly at \$9,266, maturing April 1995.....	95,599	--	--
Note payable, interest at 6% per annum, principal and interest payable monthly at \$3,598, maturing June 1997.....	100,000	61,786	51,869
Note payable, interest at 5% per annum, principal and interest payable monthly at \$7,077, maturing January 2000.....	375,000	313,064	295,675
Note payable to a bank, interest at 8-9% per annum, principal payable annually at \$154,568 maturing September 2000, secured by an equitable mortgage over all assets and uncalled capital of Access 24.....	--	--	772,842
	1,216,765	592,278	1,317,289
Less--Current portion.....	(624,483)	(195,660)	(189,443)
	\$ 592,282	\$ 396,618	\$ 1,127,846

Annual maturities of the long-term debt described above are as follows:

	DECEMBER 31,	
	1995	MARCH 31,
		1996
		(UNAUDITED)
Year ended December 31--		
1996.....	\$ 195,660	\$ 147,831
1997.....	134,324	288,892
1998.....	115,210	269,778
1999.....	122,278	276,846
2000.....	24,806	179,372
Thereafter.....	--	154,570
	\$ 592,278	\$ 1,317,289

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(6) SHORT-TERM BORROWINGS

On June 23, 1994, TTC entered into a revolving line of credit agreement (the "Credit Agreement") with a bank under which it could borrow up to \$3,000,000 through June 30, 1995. Initial borrowings under this line of credit were used to retire TTC's previous line of credit. Interest is payable monthly at the bank's prime rate plus 1.75% (10.25% at December 31, 1994).

On April 12, 1995, the Company negotiated a new unsecured revolving line of credit agreement with the bank under which it may borrow up to \$5,000,000. Interest is payable at various interest rates. The borrowings can be made at (1) the bank's prime rate, (2) a CD rate plus 125 basis points for periods of 7 to 90 days with minimum advances of \$500,000 with \$100,000 increments, (3) LIBO rate plus 125 basis points for borrowing periods of 1, 2, 3 or 6 months, or (4) agreed upon rates. At December 31, 1995 and March 31, 1996, the amount outstanding under this facility was \$1,000,000 and \$3,500,000, respectively, and is classified as short-term.

In April 1996, the Company was granted an increased line of credit of \$15,000,000 through May 1998. The terms of this line of credit remained unchanged from the previous \$5,000,000 line of credit.

The Company is required to comply with certain minimum financial ratios under covenants in connection with the borrowings described above.

(7) SUBORDINATED NOTES PAYABLE TO COMMON STOCKHOLDER

At December 31, 1994 subordinated notes payable to the Stockholder with interest at 8% per annum amounted to \$1,104,337, of which \$145,299 was due within one year.

These notes payable were subordinated to the long-term debt (Note 5) and the short-term borrowings (Note 6) as specified in the credit agreements. Interest incurred on indebtedness to the stockholder amounted to approximately \$91,000, \$96,000, \$11,000, \$11,000 (unaudited) and \$0 (unaudited) for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995, and the three months ended March 31, 1995 and 1996, respectively.

In February 1995, in conjunction with the Company's reorganization and stock sale (Note 1), the Company paid in full these subordinated notes payable.

(8) INCOME TAXES

As stated in Note 1, TTC and TTS terminated their S corporation status effective January 1, 1995. This change in tax status was recognized by establishing net deferred tax liabilities of approximately \$212,000 on that date for temporary differences between tax basis and amounts reported in the accompanying combined balance sheets of TTC and TTS. The current provision for income taxes for 1994 and for the 11 months ended December 31, 1993, reflects only amounts payable to certain state tax jurisdictions that do not recognize S corporation status. Beginning in 1995, THI and its domestic subsidiaries will file consolidated corporate federal and state income tax returns. Access 24 (Note 17) will file separate tax returns in the various countries in which it provides services.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(8) INCOME TAXES (CONTINUED)

The components of income before income taxes are as follows:

		YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		1994	1995	1995	1996
	ELEVEN MONTHS ENDED DECEMBER 31, 1993 (UNAUDITED)				
Domestic.....	\$ 537,676	\$ 1,714,710	\$ 7,085,080	\$ 2,952,288	\$ 2,054,659
Foreign.....	--	--	--	--	204,185
Total.....	\$ 537,676	\$ 1,714,710	\$ 7,085,080	\$ 2,952,288	\$ 2,258,844

The components of the provision for income taxes are as follows:

		YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31,	
			1995	1996
Current provision:				
Federal.....		\$2,472,925	\$ 952,940	\$ 942,658
State.....		433,813	159,023	145,691
Foreign.....		--	--	73,506
		2,906,738	1,111,963	1,161,855
Deferred provision:				
Federal.....		(153,610)	--	(132,761)
State.....		(36,632)	--	(27,792)
		(190,242)	--	(160,553)
Change in tax status from S corporation to C corporation.....		212,500	212,500	--
		\$2,928,996	\$ 1,324,463	\$ 1,001,302

The following reconciles the Company's effective tax rate to the federal statutory rate for the year ended December 31, 1995 and for the three months ended March 31, 1995 and 1996:

		YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31,	
			1995	1996
Income tax expense per federal statutory rate.....		\$2,408,927	\$ 1,003,778	\$ 768,007
State income taxes, net of federal deduction.....		262,139	98,687	111,813
Effect of change in tax status from S corporation to C corporation.....		212,500	212,500	--
Permanent differences.....		37,210	9,498	114,482
Environmental tax.....		8,220	--	--
Foreign income taxed at higher rate.....		--	--	7,000
		\$2,928,996	\$ 1,324,463	\$ 1,001,302

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(8) INCOME TAXES (CONTINUED)

The Company's deferred income tax assets and liabilities are summarized as follows:

	YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31, 1996 (UNAUDITED)
	-----	-----
Deferred tax assets:		
Allowance for doubtful accounts.....	\$ 178,068	\$ 292,496
Vacation accrual.....	307,674	345,224
	-----	-----
	485,742	637,720
Deferred tax liabilities:		
Excess depreciation for tax.....	(507,365)	(498,790)
	-----	-----
Net deferred income tax (liability) asset.....	\$ (21,623)	\$ 138,930
	-----	-----

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

The combined statement of income for 1993 and 1994 presents, on an unaudited pro forma basis, net income as if the Company had filed consolidated C corporation federal and state income tax returns for that year. The pro forma tax effects assume that the deferred tax assets established effective January 1, 1995, as described above, would have been provided for as the related temporary differences arose. The pro forma provision for income taxes for 1993 and 1994 is reconciled to the amount computed by applying the statutory federal tax rate to income before taxes as follows:

	UNAUDITED	

	1993	1994
	(PRO FORMA)	(PRO FORMA)
	-----	-----
	AMOUNT	AMOUNT
	-----	-----
Income tax expense per federal statutory rate.....	\$ 182,810	\$ 583,001
State income taxes, net of federal deduction.....	23,410	81,491
Permanent differences.....	32,776	13,110
	-----	-----
Total pro forma provision for income taxes.....	238,996	677,602
Historical provision (benefit) for income taxes.....	(10,000)	19,736
	-----	-----
Pro forma tax effects.....	\$ 248,996	\$ 657,866
	-----	-----

(9) COMMITMENTS AND CONTINGENCIES

The Company leases its premises in Sherman Oaks and Burbank, California and Denver, Colorado pursuant to agreements expiring through 2003. The monthly rents are subject to certain operating expenses and real estate taxes.

The Company has various operating leases for equipment and office space. Lease expense under operating leases was approximately \$626,000, \$1,366,000, \$442,000, \$88,000 (unaudited) and \$118,000 (unaudited), for the eleven months ended December 31, 1993, the years ended December 31, 1994 and 1995, and the three months ended March 31, 1995 and 1996, respectively.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(9) COMMITMENTS AND CONTINGENCIES (CONTINUED)

The future minimum rental payments required under noncancelable operating leases as of December 31, 1995, and March 31, 1996, are as follows:

	DECEMBER 31, 1995 -----	MARCH 31, 1996 ----- (UNAUDITED)
Year ended December 31--		
1996.....	\$ 2,611,341	\$ 1,494,490
1997.....	2,202,442	1,982,791
1998.....	1,877,301	1,946,135
1999.....	1,773,350	1,645,375
2000.....	768,452	347,356
Thereafter.....	1,974,493	302,900
	-----	-----
	\$ 11,207,379	\$ 7,719,047
	-----	-----

(10) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) Profit Sharing Plan which covers all employees who have completed one year of service, as defined, and are 21 or older. Participants may defer up to 19% of their gross pay up to a maximum limit determined by law. Participants are always 100% vested in their contributions.

The Company may make discretionary contributions to the plan which are distributed to participants in accordance with the plan. Participants are vested in these contributions at a rate of 20% per year. For the eleven months ended December 31, 1993 and the years ended December 31, 1994 and 1995, the Company's contributions to the plan were \$40,000, \$64,000 and \$131,000, respectively. There were no contributions made during the periods ended March 31, 1995 and 1996.

(11) MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK

In January, 1995, the Company issued 1,860,000 shares of convertible preferred stock, \$6.45 par value, at \$6.45 per share for gross proceeds of \$12,000,000. The Company used the funds for the repayment of certain notes as well as for working capital requirements.

Preferred Stock is initially convertible at the option of the preferred stockholders, into 9,300,000 shares of common stock. This number of shares of common stock is subject to adjustment in the event of certain issuances of common stock, excluding up to 7,000,000 shares of common stock that may be issued upon exercise of stock options, to ensure that preferred stockholders maintain ownership of 16.9% of the common stock on a fully diluted basis (as adjusted pursuant to the Company's Certificate of Incorporation).

In the event that preferred stockholders do not exercise their conversion rights set out above, the preferred stock converts to common stock at the rate set out above, at the earlier of the consummation of a qualified initial offering of shares to the public (as defined in the Company's Certificate of Incorporation) or May 18, 2002.

In the event that the holders of Preferred Stock have not exercised their conversion rights prior to May 18, 2002, they are entitled to either convert their Preferred Stock to shares of common stock or redeem their shares for cash. Such conversion is to provide an internal rate of return to the Preferred Stockholders of 7% per annum. Accordingly, dividends are accrued cumulatively at the rate of 0.5833% per month.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(12) STOCK OPTION 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 7,000,000 shares of common stock and permits the award of incentive stock options ("ISOs"), other non-qualified options ("NSOs"), stock appreciation rights ("SARs") and restricted stock. Under the terms of this plan, the purchase price of shares subject to each ISO granted must not be less than the fair market value on the date of grant. The compensation committee of the Board of Directors has complete discretion as to exercise prices of all other awards, including NSOs. Outstanding options vest over a three or five-year period and are exercisable for ten 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 ten years from the date of grant unless a participant is terminated for cause or one year after a participant's death. Options to purchase 225,000 shares were outstanding at March 31, 1996.

STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 123 ("SFAS 123")

During 1995, the Financial Accounting Standards Board issued SFAS 123, "Accounting for Stock Based Compensation," which defines a fair value based method of accounting for an employee stock option 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 this Statement 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 during 1995 and in the quarter ended March 31, 1996, using the Black-Scholes option pricing model as prescribed by SFAS 123 and the following weighted average assumptions used for grants:

Risk-free interest rate.....	6.34%
Expected dividend yield.....	0%
Expected lives.....	4.48 years
Expected volatility.....	59%

Options were assumed to be exercised upon vesting for the purpose of this valuation. Adjustments are made for options forfeited prior to vesting. The total value of options granted was computed to be the following approximate amounts, which would be amortized on a straight line basis over the vesting period of the options:

Year ended December 31, 1995.....	\$ 340,727
Three months ended March 31, 1996 (unaudited).....	\$ 335,010

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:

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(12) STOCK OPTION PLANS (CONTINUED)
NET INCOME

	YEAR ENDED DECEMBER 31, 1995 -----	THREE MONTHS ENDED MARCH 31, 1996 ----- (UNAUDITED)
As Reported.....	\$4,156,084	\$ 1,257,542
Pro Forma.....	3,815,357	922,532

PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

	YEAR ENDED DECEMBER 31, 1995 -----	THREE MONTHS ENDED MARCH 31, 1996 ----- (UNAUDITED)
As Reported.....	\$ 0.08	\$ 0.02
Pro Forma.....	\$ 0.07	\$ 0.02

A summary of the status of the Company's two stock option plans at March 31, 1996 and December 31, 1995 together with changes during the periods then ended are presented in the following table:

	YEAR ENDED DECEMBER 31, 1995 -----	THREE MONTHS ENDED MARCH 31, 1996 -----		
	SHARES	WEIGHTED AVERAGE PRICE PER SHARE	SHARES	WEIGHTED AVERAGE PRICE PER SHARE
Outstanding at beginning of period.....	--		2,355,000	\$ 1.88
Grants during period.....	2,355,000	\$ 1.88	793,750	\$ 5.13
Outstanding at end of period.....	2,355,000	\$ 1.88	3,148,750	\$ 2.70

The following table sets forth the exercise price range, number of shares, weighted average exercise price and remaining contractual lives by groups of similar price and grant date:

EXERCISE PRICE RANGE	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	WEIGHTED AVERAGE CONTRACTUAL LIFE
\$ 1.29 - \$1.30	1,400,000	\$ 1.29	10
\$ 2	455,000	\$ 2.00	10
\$ 3 - \$5	1,243,750	\$ 4.36	10
\$ 7	50,000	\$ 7.00	10

Subsequent to March 31, 1996, THI granted an additional 1,819,750 options at a weighted average price of \$8.15.

(13) FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of cash equivalents and other current amounts receivable and payable approximate the carrying amounts due to their short-term nature. Short-term investments consist of overnight deposits in mutual funds. These funds hold short-term investments which include primarily U.S. Government Treasury

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(13) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Bills, bankers' acceptance notes, commercial paper and Master notes with maturities of 90 days or less. Interest accrues daily on these funds, and accordingly, the carrying values of these investments approximate their fair values.

Debt carried on the Company's consolidated balance sheet of \$592,278 and \$1,317,289 at December 31, 1995 and March 31, 1996, has an estimated fair value of \$626,478 and \$1,173,339, respectively. The fair value of the long-term portion of the Company's debt 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.

(14) OTHER INCOME

Other income (expense) for the year ended December 31, 1995 and for the three months ended March 31, 1995 includes \$2,400,000 received in settlement of a premature termination of a contract.

(15) RELATED PARTY TRANSACTIONS

During fiscal 1995, the Company provided reservations call handling services to Midway Airlines Corporation ("Midway"), a majority-owned subsidiary of Zell/Chilmark Fund, L.P. Samuel Zell, a director of the Company, is an affiliate of Zell/Chilmark Fund, L.P. During the twelve months ended December 31, 1995 and the three months ended March 31, 1996, the Company charged Midway an aggregate of \$1,291,862 and \$600,904, respectively, for services rendered by the Company. As of December 31, 1995 and March 31, 1996, the amounts due from Midway for services rendered by the Company was \$535,845 and \$570,274 (unaudited), respectively, of which \$354,526 and \$462,958 (unaudited), respectively, was past due.

In April 1996, the Company agreed to accept from Midway, and Midway delivered to the Company, a promissory note in the principal amount of \$500,000 to evidence a portion of the total amount due. The note bears interest at a rate of 8% per annum and is payable in 12 equal installments of principal, together with interest, commencing May 1, 1996. The Company is continuing to provide call handling services to Midway.

The Company utilizes the services of The Riverside Agency, Inc. for reviewing, obtaining and/or renewing various insurance policies. The Riverside Agency, Inc. is a wholly owned subsidiary of Equity Group Investments, Inc., of which Samuel Zell, a director of the Company, is Chairman of the Board. During the twelve months ended December 31, 1995 and the three months ended March 31, 1996, the Company incurred \$23,965 and \$47,930, respectively, for such services.

(16) ACQUISITIONS

On January 1, 1996, the Company acquired 100% of the common stock of Access 24 Services Corporation Pty Limited (with its subsidiaries, "Access 24"), for consideration of \$7.1 million, consisting of cash of \$2.27 million and 970,240 shares of common stock in the Company. Access 24 provides inbound, toll free customer service, primarily to the healthcare and financial services sector in Australia, the United Kingdom and New Zealand.

This acquisition has been accounted for using the purchase method. Goodwill of \$6.3 million arising on the acquisition is being amortized over 15 years on a straight line basis.

TELETECH HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995
AND FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 1993
AND FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 (UNAUDITED)
(CONTINUED)

(16) ACQUISITIONS (CONTINUED)

The following unaudited pro forma consolidated income statement gives effect to the consummation of the acquisition as if it had occurred on January 1, 1995:

CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 1995		
	THI	ACCESS 24	PRO FORMA
	(UNAUDITED)		
Revenue.....	\$ 50,467	\$ 10,239	\$ 60,706
Net income (loss).....	\$ 4,156	\$ (166)	\$ 3,990
Pro forma net income per common and common equivalent share.....	\$ 0.08		\$ 0.07
Shares used in computing pro forma net income per common and common equivalent share.....	54,658		54,658

Pro forma net loss for Access 24 for the year ended December 31, 1995 reflects a charge of \$422,000 for amortization of goodwill arising on acquisition.

(17) SUBSEQUENT EVENTS (UNAUDITED)

SALE OF STOCK

As of April 30, 1996, the Company sold 50% of the common stock of Access 24, Limited (the Company's United Kingdom subsidiary that operates a call center in London, England) to PPP Healthcare Group plc ("PPP") for cash consideration of \$3.8 million. This transaction resulted in an after-tax gain of approximately \$1.6 million.

In addition, Access 24, Limited also issued 1,000,000 Cumulative 7% Preference Shares at a par value of 1 pound each, redeemable in 2006, to PPP for consideration of \$1.5 million.

Access 24, Limited did not contribute significantly to the results of operations of the Company for any of the periods presented herein.

BONUS PLAN

In May, 1996, the Company adopted the 1996 Management Bonus Plan ("Bonus Plan") to provide a performance-based incentive for the Company's executive officers and key employees. The compensation committee of the Board of Directors administers the Bonus Plan and determines which employees are eligible for anticipation. Bonuses are based on the Company's results of operations.

TRANSACTION FEES

In May 1996, the Board of Directors approved the payment of fees to the Equity Group Investments, Inc., an affiliate of Samuel Zell, a director of the Company, for advice and assistance in consummating the following transactions:

i)	Access 24 purchase (Note 16).....	\$ 300,000
ii)	The Company's proposed initial public offering of stock....	500,000
iii)	Sale of Access 24, Limited stock to PPP.....	200,000

		\$1,000,000

Fees associated with the Access 24 purchase will be allocated to the purchase price. Fees associated with the proposed public offering of common stock will be netted against the offering proceeds. Fees associated with the sale of stock to PPP will be netted of against the gain arising on this sale.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEETS

	NOTE	DECEMBER 31, 1995	FEBRUARY 29, 1995
	-----	-----	-----
		A\$ (NOTE 22)	A\$
CURRENT ASSETS			
Cash.....	5	816,220	1,837,982
Receivables.....	6	1,976,041	1,340,978
Other.....	7	401,173	165,432
		-----	-----
TOTAL CURRENT ASSETS.....		3,193,434	3,344,392
		-----	-----
NON-CURRENT ASSETS			
Property, plant and equipment.....	8	4,217,281	2,170,050
Intangibles.....	9	1,964,360	2,163,362
Other.....	10	466,726	366,517
		-----	-----
TOTAL NON-CURRENT ASSETS.....		6,648,367	4,699,929
		-----	-----
TOTAL ASSETS.....		9,841,801	8,044,321
		-----	-----
CURRENT LIABILITIES			
Creditors and borrowings.....	11	3,042,545	2,230,026
Provisions.....	12	802,176	1,586,870
		-----	-----
TOTAL CURRENT LIABILITIES.....		3,844,721	3,816,896
		-----	-----
NON-CURRENT LIABILITIES			
Creditors and borrowings.....	13	2,521,226	791,276
Provisions.....	14	169,943	97,216
		-----	-----
TOTAL NON-CURRENT LIABILITIES.....		2,691,169	888,492
		-----	-----
TOTAL LIABILITIES.....		6,535,890	4,705,388
		-----	-----
NET ASSETS.....		3,305,911	3,338,933
		-----	-----
SHAREHOLDERS' EQUITY			
Share capital.....	15	212	212
Reserves.....	16	3,017,136	3,007,188
Retained profits.....		288,563	331,533
		-----	-----
TOTAL SHAREHOLDERS' EQUITY.....		3,305,911	3,338,933
		-----	-----

The accompanying notes form an integral part of this balance sheet.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		TEN MONTHS ENDED DECEMBER 31, 1995	YEAR ENDED FEBRUARY 28, 1995
NOTE		A\$	A\$
-----		(NOTE 22)	
Operating revenue.....	2	12,208,051	12,726,187
Operating profit.....	2	463,916	1,611,910
Income tax attributable to operating profit.....	3	492,351	612,820
Operating profit/(loss) after income tax.....		(28,435)	999,090
Retained profits at the beginning of the period.....		331,533	118,101
Adjustment to retained profits at the beginning of the period re AASB 1028: Accounting for Employee Entitlements.....	1	(14,535)	--
Adjusted retained profits at the beginning of the financial period.....		316,998	--
Total available for appropriation.....		288,563	1,117,191
Dividends provided for.....		--	785,658
Retained profits at the end of the financial period.....		288,563	331,533

The accompanying notes form an integral part of this profit and loss account.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS

		TEN MONTHS ENDED DECEMBER 31, 1995	YEAR ENDED FEBRUARY 28, 1995
NOTE		A\$ (NOTE 22)	A\$
Cash flows from operating activities			
Receipts from customers.....		11,936,094	12,451,360
Payments to suppliers and employees.....		(10,749,686)	(9,938,953)
Interest paid.....		(10,972)	--
Interest received.....		82,708	87,747
Advances to related parties.....		(68,591)	--
Repayment of advances to related parties.....		--	78,855
Interest paid (leases).....		(128,958)	(70,192)
Income taxes paid.....		(578,105)	(209,093)
Net operating cash flows.....	21(b)	482,490	2,399,724
Cash flows from investing activities			
Cash paid for acquisition of property, plant and equipment.....		(1,510,622)	(684,091)
Payments for investments.....		--	--
Proceeds from sale of fixed assets.....		60,079	54,187
Acquisition of intangibles.....		--	(1,547)
Net investing cash flows.....		(1,450,543)	(631,451)
Cash flows from financing activities			
Proceeds from borrowings.....		1,000,000	-
Repayment of hire purchase and lease liabilities.....		(456,043)	(260,613)
Advances to controlled entities.....		--	--
Repayment of advances to controlled entities.....		--	--
Dividends paid.....		(785,658)	--
Net financing cash flows.....		(241,701)	(260,613)
Net increase/(decrease) in cash held.....		(1,209,754)	1,507,660
Cash at the beginning of the financial period.....		1,837,982	327,538
Exchange rate variations on foreign cash balances.....		(8,461)	2,784
Cash at the end of the financial period.....	21(a)	619,767	1,837,982

The accompanying notes form an integral part of this statement of cash flows.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(a) BASIS OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they exceed their recoverable amount. The recoverable amounts of all non-current assets have been determined using net cash flows which have not been discounted to their present value.

All amounts are in Australian dollars.

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent entity, Access 24 Service Corporation Pty Limited and its controlled entities. The term "Economic Entity" used throughout these financial statements means the parent entity and its controlled entities.

Where a controlled entity has been acquired during the period, its results are included in the consolidated result from the date of acquisition. Similarly, where a controlled entity is sold, its results are included in the consolidated result until the date of disposal.

All inter-entity balances and transactions have been eliminated.

(c) OPERATING REVENUE

Sales revenue represents revenue earned (net of discounts and allowances) from the sale of services. Other revenue includes interest income on short term deposits and gross proceeds from the sale of non-current assets.

(d) PLANT AND EQUIPMENT

(i) ACQUISITION

Items of plant and equipment are recorded at cost and depreciated as outlined below.

(ii) DISPOSALS OF ASSETS

The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the result of the economic entity in the period of disposal.

(iii) DEPRECIATION AND AMORTIZATION

Items of plant and equipment, and leasehold property, are depreciated/amortized over their estimated useful lives ranging from 3 to 30 years. The straight line method is used except in the case of one controlled entity where the reducing balance method is used in respect of all plant and equipment.

(iv) LEASED PLANT AND EQUIPMENT

Assets of the economic entity acquired under finance leases are capitalized. The initial amount of the leased asset and corresponding lease liability are recorded at the present value of minimum lease payments. Leased assets are amortized over the life of the relevant lease or, where it is likely the economic entity will obtain ownership of the asset on expiration of the lease, the expected useful life of the asset. Lease liabilities are reduced by the principal component of lease payments. The interest component is charged against operating profit.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Operating leases are not capitalized and rental payments are charged against operating profit in the period in which they are incurred.

(e) INCOME TAX

The economic entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability.

Future income tax benefits relating to tax losses are only brought to account when their realization is virtually certain.

(f) FOREIGN CURRENCY

TRANSACTIONS

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

TRANSLATION OF FINANCIAL STATEMENTS OF OVERSEAS OPERATIONS

All overseas operations are deemed self-sustaining as each is financially and operationally independent of Access 24 Service Corporation Pty Limited. The financial statements of overseas operations are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

(g) PROVISIONS

EMPLOYEE ENTITLEMENTS

Provision has been made in the financial statements for benefits accruing to employees in relation to such matters as annual leave and long service leave. Long service leave provisions are calculated based on the probability of employee's service continuity, even though in some cases such amounts are not currently vesting.

From this financial year, all on-costs, including payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions for annual leave and long service leave. Provisions for annual leave and current long service leave are measured at their nominal value. Non current long service leave is measured at its present value where materially different from the nominal value. All provision where previously measure at their nominal value. This represents a change in accounting policy so as to satisfy the requirements of AASB 1028--Accounting for Employee Entitlements.

The impact of this change in policy for the economic entity is to reduce opening retained profits by \$14,535.

DOUBTFUL DEBTS

The collectibility of debts is assessed at year end and specific provision is made for any doubtful accounts.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(h) SUPERANNUATION FUND

Contributions to a defined contribution superannuation fund are expensed in the year they are paid or become payable. No amount is recognized in the accounts or group accounts in respect of the net surplus or deficiency of each plan.

(i) INTANGIBLES

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortized by the straight line method over the period during which benefits are expected to be received. This is taken as being 10 years.

(j) COMPARATIVE BALANCES

Certain prior year comparatives have been amended to accord with current year disclosure.

NOTE 2. REVENUE AND EXPENSES:

	TEN MONTHS ENDED DECEMBER 31, 1995	YEAR ENDED FEBRUARY 28, 1995
	-----	-----
Operating profit/(loss) for the period has been arrived at after including:		
Operating Revenue:		
Fees received.....	\$ 11,783,312	\$ 12,316,889
Interest from:		
--other persons.....	84,986	87,747
Other revenue.....	339,753	321,551
	-----	-----
Total operating revenue.....	12,208,051	12,726,187
	-----	-----
EXPENSES:		
Abnormal item:		
Write off of non recoverable loan.....	188,952	--
	-----	-----
Other expenses:		
Provision for doubtful debts.....	(42,135)	35,255
Provision for annual leave.....	408,906	389,223
Provision for long service leave.....	16,203	25,230
Rental expense on operating leases.....	466,083	216,506
Depreciation of plant and equipment.....	547,589	346,420
Interest paid		
--Other persons.....	19,203	--
--Finance leases and hire purchases.....	130,408	70,192
Amortization of goodwill.....	210,048	237,668
Amortization of finance lease assets.....	196,086	203,335
Foreign exchange (gains)/losses.....	9,128	(36,841)
(Gain)/loss on disposal of fixed assets (a).....	(28,929)	71,733
	-----	-----
(a) Proceeds on the disposal of fixed assets were:.....	60,079	54,187
	-----	-----

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 3. INCOME TAX:

(a) The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows.

	TEN MONTHS ENDED DECEMBER 31, 1995	YEAR ENDED FEBRUARY 28, 1995
	-----	-----
Operating profit.....	\$ 463,916	\$ 1,611,910
	-----	-----
Prima facie tax expense thereon at 36% (February 28, 1995: 33%).....	167,010	531,930
Increase/ (decrease) in prima facie tax expense arising from:		
Amortization of goodwill.....	57,830	78,430
Entertaining.....	3,833	2,724
Fringe benefit tax.....	--	2,141
Write-off of non-recoverable loan.....	68,023	--
Other non-deductible items.....	21,585	(3,667)
Effects of lower rates of tax on overseas income.....	(5,537)	--
Prior year adjustment.....	10,708	1,262
Tax losses not brought to account.....	168,899	--
	-----	-----
Total income tax attributable to operating profit.....	492,351	612,820
	-----	-----
Total income tax expense comprises movements in:		
Provision for income tax.....	445,758	656,627
Provision for deferred income tax.....	52,246	47,045
Future income tax benefit.....	(5,653)	(90,852)
	-----	-----
	\$ 492,351	\$ 612,820
	-----	-----

(b) As at 31 December 1995, there are companies within the economic entity which have income tax losses available to offset against future years' taxable income. The benefit of these losses has not been brought to account as realization is not virtually certain.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 4. PARENT ENTITY INVESTMENT IN CONTROLLED ENTITIES AND CONTRIBUTION TO CONSOLIDATED RESULT:

(a) Particulars in relation to controlled entities

	% OF SHARES HELD		BOOK VALUE OF INVESTMENT		CONTRIBUTION TO CONSOLIDATED PROFIT/(LOSS)	
	DECEMBER 31 1995	FEBRUARY 28, 1995	DECEMBER 31 1995	FEBRUARY 28, 1995	DECEMBER 31 1995	FEBRUARY 28, 1995
	(NOTE 22)		(NOTE 22)		(NOTE 22)	
Access 24 Service Corporation Pty Limited....	--	--	\$ --	\$ --	\$ 343,285	\$ 852,890
Access 24 (Service Corporation) Limited (incorporated in New Zealand).....	100%	100%	83	83	99,021	146,200
Controlled entities acquired during the period:						
Support 24 Pty Limited (incorporated in Australia) (iii)(vi)....	--	--	--	--	--	--
Access 24 Limited (incorporated in the United Kingdom) (iii)(iv).....	100%	--	4	--	(440,535)	--
High Performance Healthcare Pty Limited (incorporated in Australia) (v).....	100%	--	99	--	(30,206)	--
			\$ 186	\$ 83	\$ (28,435)	\$ 999,090

(i) All entities operate solely in their place of incorporation.

(ii) The financial year ends of each controlled entity are the same as that of the parent entity.

(iii) This company is not audited by the parent entity auditor or their affiliates.

(iv) The parent entity acquired this company for cash consideration of \$4. The company did not trade prior to the acquisition by the parent entity.

(v) The parent entity acquired this company for cash consideration of \$99. The company did not trade prior to the acquisition by the parent entity.

(vi) A 51% shareholding in this company was acquired for nil consideration on July 1, 1995 and was sold for \$1 consideration on December 22, 1995. At the date of acquisition, the net deficiency of Support 24 was \$145,983 made up of the following assets and liabilities by major class: Cash balances \$2,089, Receivables \$10,522, Fixed Assets \$10,875 and Creditors & Borrowings \$(169,469). At the date of disposal, the net assets of Support 24 were \$892 and were made up of: Receivables \$59,967 and Creditors & Borrowings \$(59,075). A loss of \$42,078 had been generated from trading activities during the period the company was a controlled entity and Access 24 Service Corporation Pty Limited forgave a loan of \$188,952 resulting in an operating profit of \$146,874 for the same period.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 4. PARENT ENTITY INVESTMENT IN CONTROLLED ENTITIES AND CONTRIBUTION TO
CONSOLIDATED RESULT: (CONTINUED)
(b) Segment information

	TEN MONTHS ENDED DECEMBER 31, 1995				
	EXTERNAL REVENUE	INTERGROUP REVENUE	TOTAL REVENUE	SEGMENT RESULT	SEGMENT ASSETS
Australia.....	\$10,085,045	\$ 251,754	\$10,336,799	\$ 313,079	\$8,080,913
New Zealand.....	1,645,502	--	1,645,502	99,021	1,203,597
United Kingdom.....	477,504	--	477,504	(438,957)	2,170,657
Eliminations.....	--	(251,754)	(251,754)	(1,578)	(1,613,366)
Consolidated.....	\$12,208,051	\$ --	\$12,208,051	\$ (28,435)	\$9,841,801

	YEAR ENDED FEBRUARY 28, 1995				
	EXTERNAL REVENUE	INTERGROUP REVENUE	TOTAL REVENUE	SEGMENT RESULT	SEGMENT ASSETS
Australia.....	\$11,228,111	\$ 169,891	\$11,398,002	\$ 852,890	\$7,440,308
New Zealand.....	1,498,076	--	1,498,076	146,200	1,137,691
Eliminations.....	--	(169,891)	(169,891)	--	(533,678)
Consolidated.....	\$12,726,187	\$ --	\$12,726,187	\$ 999,090	\$8,044,321

The group derives income by providing emergency medical and trade assistance.

(c) Ultimate Parent Entity

The ultimate parent entity of Access 24 Service Corporation Pty Limited is the Royal Automobile Club of Victoria (RACV) Limited, a company incorporated in the state of Victoria.

NOTE 5. CASH:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	(NOTE 22)	
Cash at bank and in hand.....	\$ 807,875	\$ 1,797,191
Cash held in trust.....	8,345	40,791
	\$ 816,220	\$ 1,837,982

NOTE 6. RECEIVABLES:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	(NOTE 22)	
Trade debtors.....	\$1,288,033	\$ 801,326
Provision for doubtful trade debtors.....	(1,530)	(43,665)
	1,286,503	757,661
Trade balances receivable from related parties.....	186,474	117,882
Amounts receivable from controlled entities.....	--	--
Accrued fees.....	499,624	462,059
Other debtors.....	3,440	3,376
	\$1,976,041	\$ 1,340,978

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 7. OTHER CURRENT ASSETS:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
	-----	-----
Other assets.....	\$ 121,621	\$ 96,348
Prepayments.....	279,552	69,084
	-----	-----
	\$ 401,173	\$ 165,432
	-----	-----

NOTE 8. PLANT AND EQUIPMENT:

Plant and equipment and leasehold improvements:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
	-----	-----
At cost (a).....	\$4,285,965	\$ 2,124,874
Less accumulated depreciation.....	(924,807)	(375,932)
	-----	-----
	\$3,361,158	\$ 1,748,942
	-----	-----
Leased plant and equipment:		
Capitalized value of leased plant and equipment.....	\$1,236,861	\$ 667,753
Less accumulated amortization.....	(380,738)	(246,645)
	-----	-----
	856,123	421,108
	-----	-----
	\$4,217,281	\$ 2,170,050
	-----	-----

(a) A charge has been registered by a finance company, over assets under hire purchase of a controlled entity, to the value of \$83,584.

NOTE 9. INTANGIBLES:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
	-----	-----
Goodwill at cost.....	\$2,455,393	\$ 2,443,866
Accumulated amortization.....	(491,033)	(280,504)
	-----	-----
	\$1,964,360	\$ 2,163,362
	-----	-----

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 10. OTHER NON-CURRENT ASSETS:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Investments		
--Controlled entities (Note 4(a)).....	\$ --	\$ --
Security deposits.....	110,770	82,895
Future income tax benefit.....	270,871	276,523
Amount receivable from a controlled entity.....	--	--
Other non-current assets.....	85,085	7,099
	-----	-----
	\$ 466,726	\$ 366,517
	-----	-----

NOTE 11. CREDITORS AND BORROWINGS (CURRENT):

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Bank overdraft.....	\$ 196,453	\$ --
Trade creditors.....	357,306	294,785
Sundry creditors.....	948,329	928,507
Lease and hire purchase liabilities (Note 18(a)).....	821,968	607,080
Prepaid fees and claims:		
--Trade.....	710,527	322,548
--Trust accounts.....	7,962	41,316
Amounts due to related parties.....	--	35,790
	-----	-----
	\$3,042,545	\$ 2,230,026
	-----	-----

NOTE 12. PROVISIONS (CURRENT):

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Dividend.....	\$ --	\$ 785,657
Taxation.....	423,680	567,220
Employee entitlements.....	378,496	233,993
	-----	-----
	\$ 802,176	\$ 1,586,870
	-----	-----

NOTE 13. CREDITORS AND BORROWINGS (NON-CURRENT):

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Bank Loan (a).....	\$1,000,000	\$ --
Lease and hire purchase liabilities (Note 18(a)).....	1,521,226	791,276
	-----	-----
	\$2,521,226	\$ 791,276
	-----	-----

(a) The bank loan is secured by a registered mortgage debenture over all the assets/undertakings of the parent entity and by a letter of support to the value of \$3.77m from the ultimate parent entity, the RACV.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 14. PROVISIONS (NON-CURRENT):

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Deferred income tax.....	\$ 111,345	\$ 59,099
Employee entitlements.....	58,598	38,117
	-----	-----
	\$ 169,943	\$ 97,216
	-----	-----

NOTE 15. SHARE CAPITAL:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Authorized capital:		
--10,000,000 ordinary shares of \$1 each.....	\$ 10,000,000	\$ 10,000,000
	-----	-----
Issued and fully paid:		
--212 ordinary shares of \$1 each.....	\$ 212	\$ 212
	-----	-----

NOTE 16. RESERVES:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
Share premium account.....	\$2,999,900	\$ 2,999,900
Foreign currency translation.....	17,236	7,288
	-----	-----
	\$3,017,136	\$ 3,007,188
	-----	-----
Foreign currency translation		
--Balance at beginning of year.....	\$ 7,288	\$ (273)
--Gain on translation of overseas controlled entities.....	9,948	7,561
	-----	-----
--Balance at end of period.....	\$ 17,236	\$ 7,288
	-----	-----

NOTE 17. REMUNERATION OF AUDITORS:

Amounts received or due and receivable by the auditors of the company for:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
--Audit services.....	\$ 43,363	\$ 20,418
--Other services.....	--	20,250
	-----	-----
	\$ 43,363	\$ 40,668
	-----	-----

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 18. COMMITMENTS:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
(a) Finance lease and hire purchase expenditure contracted for is payable as follows:		
Not later than one year.....	\$ 852,954	\$ 623,191
Later than one year and not later than two years.....	727,574	423,010
Later than two years and not later than five years.....	771,673	463,396
	-----	-----
	2,352,201	1,509,597
Deduct future finance charges (i).....	(9,007)	(111,241)
	-----	-----
Net lease and hire purchase liability.....	\$2,343,194	\$ 1,398,356
	-----	-----
Reconciled to:		
Current liability (Note 11).....	\$ 821,968	\$ 607,080
Non-current liability (Note 13).....	1,521,226	791,276
	-----	-----
	\$2,343,194	\$ 1,398,356
	-----	-----

(i) In the current period, assets under hire purchase have been recorded on a gross basis, resulting in the recognition of a liability and equivalent asset equal to the amount of future interest payable. The finance charges disclosed for the current year relate solely to finance leases while the prior year comparatives include interest on assets under hire purchase.

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
	(NOTE 22)	
b) Operating leases expenditure contracted for is payable as follows:		
Not later than one year.....	\$ 302,129	\$ 238,429
Later than one year and not later than two years.....	320,008	243,739
Later than two year and not later than five years.....	361,031	517,833
	-----	-----
	\$ 983,168	\$ 1,000,001
	-----	-----

The above operating lease commitments include amounts for rental operating leases which are gross of amounts received for subleases of various premises.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 19. REMUNERATION OF DIRECTORS:

The number of directors of the parent entity who received, or were due to receive, remuneration (including brokerage, commissions, bonuses, retirement payments and salaries, but excluding prescribed benefits) directly or indirectly from the company or any related body corporate, as shown in the following bands were:

	PARENT ENTITY	
	DECEMBER 31, 1995	FEBRUARY 28, 1995
\$ 0 - \$ 9,999.....	--	2
\$ 20,000 - \$ 29,999.....	1	--
\$ 50,000 - \$ 59,999.....	1	--
\$110,000 - \$119,999.....	1	--
\$210,000 - \$219,999.....	2	--
\$250,000 - \$259,999.....	--	2
\$260,000 - \$269,999.....	--	1
\$270,000 - \$279,999.....	1	--
The aggregate remuneration of the directors referred to in the above bands was:	\$ 904,589	\$ 776,821

The total of all remuneration received, or due and receivable, directly or indirectly, from the respective corporations of which they are a director, or any related body corporate, by all the directors of each corporation in the economic entity of December 31, 1995 and February 28, 1995 \$904,589 and \$839,301, respectively.

Amounts paid to or on behalf of directors of the company in respect of retirement benefits and superannuation contributions were:	\$ 53,071	\$ 67,043
	-----	-----

NOTE 20. RELATED PARTY DISCLOSURES:

(a) The directors of Access 24 Service Corporation Pty Limited during the financial period were:

Dr. John Eric Kendall
Mr. Louis Thomas Carroll
Mr. Nigel Alexander Dick
Mr. John Norman Isaac
Mr. Keith William Blyth (resigned August 1, 1995)
Mr. Edmund Christopher Johnson (appointed September 8, 1995)

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 20. RELATED PARTY DISCLOSURES: (CONTINUED)

(b) The following related party transactions occurred during the financial period:

IDENTITY OF RELATED PARTY	NATURE OF RELATIONSHIP WITH ACCESS 24 SERVICE CORPORATION PTY LIMITED	OWNERSHIP INTEREST
RACV Insurance Pty Limited	Commonly controlled entity	--
Access 24 (Service Corporation) Limited (NZ)	Controlled entity	100%
Access 24 Limited (UK)	Controlled entity	100%
High Performance Healthcare Pty Ltd	Controlled entity	100%
Support 24 Pty Limited	Controlled entity	51%
Auto 24 Pty Limited	Commonly controlled entity	--
Dataview Solutions Pty Limited	Director related entity	--

IDENTITY OF RELATED PARTY	TYPE OF TRANSACTION	TERMS & CONDITIONS OF EACH TRANSACTION	VOLUME DECEMBER 31, 1995 (NOTE 22)	VOLUME FEBRUARY 28, 1995
RACV Insurance Pty Limited	Sales	Commercial terms and conditions	\$ 779,467	\$ 693,039
Auto 24 Pty Limited	Staff services fees	Commercial terms and conditions	877,093	448,863
	Loans advanced	Interest charged at commercial bank rates	651,050	545,000
	Loan repayments		632,459	427,118
	Interest receipts		18,392	--
High Performance Healthcare Pty Limited	Loans advanced	Nil interest	34,933	--
Access 24 (Service Corporation) Limited	Management fees	Commercial terms and conditions	251,754	169,891
	Loans advanced	Nil interest	--	555,000
	Loan repayments		220,708	42,000
Support 24 Pty Limited	Loans advanced	Nil interest	313,952	--
	Loan repayments		75,000	--
Dataview Solutions Pty Limited	Rent and related costs, software development, and accounts preparation	Commercial terms and conditions	\$ 100,329	\$ 133,906
Access 24 Limited	Loan advance	Nil interest	1,256,206	--

(c) During the current financial period, the parent entity entered into certain contracts on behalf of a controlled entity. These contracts are for:

- the provision of services to third parties,

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 20. RELATED PARTY DISCLOSURES: (CONTINUED)

- operating lease for premises,
- finance lease for equipment.

The assets, liabilities, revenues and expenses associated with these contracts have been reflected in the financial statements of the economic entity. They have not been reflected in the financial statements of the parent entity as, in substance, the transactions relate solely to the operations of the controlled entity.

(d) Interests in the shares of entities within the economic entity held by directors of the reporting entity and their director related entities, as at December 31, 1995:

ACCESS 24 SERVICE CORPORATION PTY LTD		
----- \$1 ORDINARY SHARES, FULLY PAID -----		
	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
J. E. Kendall.....	70	70
L. T. Carroll.....	36	36

NOTE 21. CASH FLOWS:

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	DECEMBER 31, 1995	FEBRUARY 28, 1995
	-----	-----
Cash balance comprises:		
Cash at bank and on hand.....	\$ 807,875	\$ 1,797,191
Cash held in trust.....	8,345	40,791
	-----	-----
	816,220	1,837,982
Bank overdraft.....	(196,453)	--
	-----	-----
	\$ 619,767	\$ 1,837,982
	-----	-----

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 21. CASH FLOWS: (CONTINUED)

(b) Reconciliation of operating profit/loss after tax to net cash flows from operating activities:

	TEN MONTHS ENDED DECEMBER 31, 1995 ----- (NOTE 22)	YEAR ENDED FEBRUARY 28, 1995 -----
Operating profit/(loss) after tax.....	\$ (28,435)	\$ 999,090
Depreciation and amortization:		
--Property, plant and equipment.....	547,589	346,420
--Intangibles.....	210,048	237,668
--Leased assets.....	196,086	203,335
Gain/(loss) on sale of non-current assets.....	(28,929)	70,736
Bad and doubtful debts.....	(42,135)	35,255
Changes in assets and liabilities:		
Trade receivables.....	(486,706)	(128,396)
Other receivables.....	(64)	2,662
Advances to related parties.....	(68,592)	--
Intercompany trade receivables.....	--	--
Security deposits.....	(27,875)	--
Accrued fees.....	(37,565)	--
Future income tax benefit.....	5,652	(90,852)
Prepayments.....	(210,468)	(65,178)
Other assets.....	(6,449)	--
Trade creditors.....	62,521	4,359
Sundry creditors and accruals.....	19,822	225,978
Prepaid fees and claims:		
--Trade creditors.....	387,979	--
--Trust accounts.....	(33,354)	(4,498)
Amounts due to related parties.....	(35,790)	--
Repayment of advances to related parties.....	--	78,855
Tax provision.....	(143,540)	447,534
Deferred income tax liability.....	52,246	47,045
Adjustment to retained earnings (re AASB 1028: Accounting for Employee Entitlements).....	(14,535)	--
Employee provisions.....	164,984	(10,289)
Net cash flows from operating activities.....	\$ 482,490	\$ 2,399,724
	-----	-----

(c) Non-cash financing and investing activities:

Purchases of certain plant and equipment has been conducted through finance leases and hire purchase agreements. These transactions do not result in cash outflows until the lease payments occur as per the individual agreements. Purchases of property, plant and equipment financed in this way for the 10 months ended December 31, 1995 totalled \$630,789 for Access 24 and \$1,304,100 for the economic entity (\$826,505 and \$787,960 for the year ended February 28, 1995). The total value of property, plant and equipment under lease and the resulting lease liabilities are disclosed in the financial statements.

ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1995
AND THE TEN MONTHS ENDED DECEMBER 31, 1995
(CONTINUED)

NOTE 22. FINANCIAL PERIOD:

The parent entity and its controlled entities have changed financial year end from February 28 to December 31. As a result, these financial statements cover the ten month period from March 1 1995 to December 31, 1995. The comparative figures relate to the year ended February 28, 1995.

INSIDE BACK COVER OF PROSPECTUS:

The inside back cover is a multicolor graphic layout entitled "CUSTOMER CONNECTIVITY through TeleTech's network of people and technology." AFTER THE WORDS "CUSTOMER CONNECTIVITY", THERE IS A SUPERScript "R" SURROUNDED BY A CIRCLE, INDICATING THAT THE WORDS ARE A REGISTERED TRADEMARK OF TELETECH.

Located in the center of the page is a rectangular photograph of a call center over which is superimposed the word "TELETECH". Along the bottom edge of this photograph are four ovals labelled as follows (from left to right): "PHONE" (together with graphic icon of telephone handset); "INTERNET" (together with graphic icon of arrow "clicking" on a computer screen); "IVR" (together with a graphic icon of three buttons arranged vertically and labeled "1, 2 and 3"); and "FAX" (together with graphic icon of telephone handset and a sheet of paper).

Located towards the bottom of the page, below the above-described rectangular photograph and connected to the same by a curvilinear line, is an oval graphic labeled "teletech's clients", beneath which is written "fortune 1000."

Located above the rectangular photograph are six oval photographs containing close-up of one or more faces and labelled "client's customers." Overlapping each of these oval photographs is one of graphic icons identified along the bottom of the rectangular photograph, which indicates the services provided by TeleTech to the client's customer (e.g., FAX, PHONE, IVR [interactive voice response] and INTERNET). Each oval photograph is connected to the rectangular photograph by a curvilinear line.

TeleTech's corporate logo appears in the lower left-hand corner of the page, under which are written the words: "COPYRIGHT 1996."

[LOGO]

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

6,000,000 SHARES

[LOGO]
COMMON STOCK

OF THE 6,000,000 SHARES OF COMMON STOCK BEING OFFERED, 4,000,000 SHARES ARE BEING SOLD BY THE COMPANY AND 2,000,000 SHARES ARE BEING SOLD BY THE SELLING STOCKHOLDERS NAMED HEREIN. THE COMPANY WILL NOT RECEIVE ANY OF THE PROCEEDS FROM THE SALE OF SHARES BY THE SELLING STOCKHOLDERS. SEE "PRINCIPAL AND SELLING STOCKHOLDERS." OF THE SHARES BEING OFFERED, SHARES ARE BEING OFFERED INITIALLY OUTSIDE OF THE UNITED STATES AND CANADA BY THE INTERNATIONAL UNDERWRITERS AND SHARES ARE BEING OFFERED INITIALLY IN THE UNITED STATES AND CANADA BY THE U.S. UNDERWRITERS. SEE "UNDERWRITERS." PRIOR TO THE OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK OF THE COMPANY. IT IS CURRENTLY ANTICIPATED THAT THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN \$ AND \$. SEE "UNDERWRITERS" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL OFFERING PRICE.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" COMMENCING ON PAGE 6 HEREOF.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE \$ A SHARE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)	PROCEEDS TO SELLING STOCKHOLDERS
PER SHARE.....	\$	\$	\$	\$
TOTAL (3).....	\$	\$	\$	\$

-
- (1) THE COMPANY AND THE SELLING STOCKHOLDERS HAVE AGREED TO INDEMNIFY THE UNDERWRITERS AGAINST CERTAIN LIABILITIES, INCLUDING LIABILITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED.
- (2) BEFORE DEDUCTING EXPENSES PAYABLE BY THE COMPANY ESTIMATED AT \$. THE COMPANY HAS AGREED TO PAY THE EXPENSES OF THE SELLING STOCKHOLDERS, OTHER THAN UNDERWRITING DISCOUNTS AND COMMISSIONS.
- (3) ONE OF THE SELLING STOCKHOLDERS HAS GRANTED THE U.S. UNDERWRITERS AN OPTION, EXERCISABLE WITHIN 30 DAYS OF THE DATE HEREOF, TO PURCHASE UP TO AN AGGREGATE OF 900,000 ADDITIONAL SHARES OF COMMON STOCK AT THE PRICE TO PUBLIC LESS UNDERWRITING DISCOUNTS AND COMMISSIONS FOR THE PURPOSE OF COVERING OVER-ALLOTMENTS, IF ANY. IF THE U.S. UNDERWRITERS EXERCISE SUCH OPTION IN FULL, THE TOTAL PRICE TO PUBLIC, UNDERWRITING DISCOUNTS AND COMMISSIONS, PROCEEDS TO COMPANY AND PROCEEDS TO SELLING STOCKHOLDERS WILL BE \$, \$, \$, AND \$, RESPECTIVELY. SEE "UNDERWRITERS."

THE SHARES ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITERS NAMED HEREIN AND SUBJECT TO APPROVAL OF CERTAIN LEGAL MATTERS BY KATTEN MUCHIN & ZAVIS, COUNSEL FOR THE UNDERWRITERS. IT IS EXPECTED THAT DELIVERY OF THE SHARES WILL BE MADE ON OR ABOUT , 1996 AT THE OFFICE OF MORGAN STANLEY & CO. INCORPORATED, NEW YORK, NEW YORK, AGAINST PAYMENT THEREFOR IN IMMEDIATELY AVAILABLE FUNDS.

MORGAN STANLEY & CO.
INTERNATIONAL
ALEX. BROWN & SONS
INCORPORATED
SMITH BARNEY INC.
 , 1996

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following are the estimated expenses (other than the SEC registration fee, NASD filing fee and the Nasdaq National Market application fee) of the issuance and distribution of the securities being registered, all of which will be paid by TeleTech Holdings, Inc. ("TeleTech").

SEC registration fee.....	\$41,637.93
NASD filing fee.....	12,575.00
Nasdaq National Market application fee.....	50,000.00
Printing expenses.....	*
Fees and expenses of counsel.....	*
Fees and expenses of accountants.....	*
Transfer agent and registrar fees.....	*
Blue sky fees and expenses.....	*
Miscellaneous.....	*

Total.....	\$ *

*To be provided by amendment.

TeleTech will bear all of the foregoing expenses. In addition, TeleTech intends to pay all expenses of registration, issuance and distribution, excluding underwriters' discounts and commissions, with respect to the shares being sold by the Selling Stockholders.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Under Delaware law, a corporation may indemnify any person who was or is a party or is threatened to be made a party to an action (other than an action by or in the right of the corporation) by reason of such person's service as a director or officer of the corporation, or such person's service, at the corporation's request, as a director, officer, employee or agent of another corporation or other enterprise, against expenses (including attorneys' fees) that are actually and reasonably incurred by such person ("Expenses"), and judgments, fines and amounts paid in settlement that are actually and reasonably incurred by such person, in connection with the defense or settlement of such action; provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful. Although Delaware law permits a corporation to indemnify any person referred to above against Expenses in connection with the defense or settlement of an action by or in the right of the corporation, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the corporation's best interests, if such person has been judged liable to the corporation, indemnification is only permitted to the extent that the adjudicating court (or the court in which the action was brought) determines that, despite the adjudication of liability, such person is entitled to indemnity for such Expenses as the court deems proper. The determination as to whether a person seeking indemnification has met the required standard of conduct is to be made (1) by a majority vote of a quorum of disinterested members of the board of directors, or (2) by independent legal counsel in a written opinion, if such a quorum does not exist or if the disinterested directors so direct, or (3) by the stockholders. The General Corporation Law of Delaware also provides for mandatory indemnification of any director, officer, employee or agent against Expenses to the extent such person has been successful in any proceeding covered by the statute. In addition, the General Corporation Law of Delaware provides for the general authorization of advancement of a director's or officer's litigation expenses in lieu of requiring the authorization of such advancement by the board of directors in specific cases, and that indemnification and advancement of expenses provided by the statute shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement or otherwise.

TeleTech's Restated Certificate of Incorporation and By-laws provide that TeleTech shall indemnify its directors, officers, employees and other agents to the fullest extent permitted by Delaware law.

TeleTech has also entered into agreements to indemnify its directors and certain of its officers, in addition to the indemnification provided for in TeleTech's Restated Certificate of Incorporation and By-laws. These agreements provide, among other things, that TeleTech will indemnify its directors and officers for all direct and indirect expenses and costs (including, without limitation, all reasonable attorneys' fees and related disbursements, other out-of-pocket costs and reasonable compensation for time spent by such persons for which they are not otherwise compensated by TeleTech or any third person) and liabilities of any type whatsoever (including, but not limited to, judgments, fines and settlement fees) actually and reasonably incurred by such person in connection with either the investigation, defense, settlement or appeal of any threatened, pending or completed action, suit or other proceeding, including any action by or in the right of the corporation, arising out of such person's services as a director, officer, employee or other agent of TeleTech, any subsidiary of TeleTech or any other company or enterprise to which the person provides services at the request of TeleTech. TeleTech believes that these provisions and agreements are necessary to attract and retain talented and experienced directors and officers.

TeleTech maintains liability insurance for the benefit of its directors and officers.

Under the terms of the Underwriting Agreement, the Underwriters have agreed to indemnify, under certain conditions, TeleTech, its directors, certain of its officers and persons who control TeleTech within the meaning of the Securities Act of 1933, as amended (the "Securities Act") against certain liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The shares of common stock, par value \$.002 per share (the "Common Stock"), issued in the transactions described below reflect a five-for-one split of the Common Stock to be effected immediately prior to the closing of the Offering contemplated by this Registration Statement.

Pursuant to the terms of, and as a condition precedent to consummation of the transactions contemplated by, that certain Preferred Stock Purchase Agreement dated as of December 22, 1994 by and among TeleTech Teleservices, Inc., a Colorado corporation ("TTS"), TeleTech Telecommunications, Inc., a California corporation ("TTC"), TeleTech, TeleTech Investors General Partnership, an Illinois general partnership (the "Partnership"), and Essaness Theaters Corporation, a Delaware corporation ("Essaness"), TeleTech, on January 17, 1995, issued (a) 40,700,000 shares of Common Stock to Kenneth D. Tuchman ("Tuchman") in exchange for all of the issued and outstanding shares of capital stock of TTS and TTC then owned by Tuchman, and (b) and 1,705,000 and 155,000 of its convertible preferred stock, par value \$6.45 per share ("Preferred Stock"), to the Partnership and Essaness, respectively, in exchange for \$11,000,000 and \$1,000,000 respectively. Each share of Preferred Stock is convertible into five shares of Common Stock, subject to adjustment under various anti-dilution provisions.

Between January 1, 1995 and May 15, 1996, TeleTech granted to certain of its officers, employees, consultants and independent contractors options to acquire an aggregate of 4,968,500 shares of Common Stock. All of such options were granted pursuant to option agreements between TeleTech and each option holder and are subject to the terms of the TeleTech Holdings, Inc. Stock Plan ("Option Plan").

On January 1, 1996, TeleTech acquired all of the outstanding capital stock of Access 24 Service Corporation Pty Limited, a corporation incorporated under the laws of New South Wales, Australia ("Access 24"). As consideration for such capital stock, TeleTech issued 712,520 shares of Common Stock to Bevero Pty Limited and paid \$2.27 million and issued 257,220 shares of Common Stock to Access 24 Holdings Pty Limited.

In connection with the acquisition of Access 24, TeleTech entered into an employment agreement dated as of January 1, 1996 with Dr. John E. Kendall, as Vice President, Strategic Planning, of TeleTech. In connection with Dr. Kendall's execution of the agreement, TeleTech issued to Dr. Kendall 38,000 shares of Common Stock, which shares constitute restricted stock subject to the terms of the Option Plan and vest proportionately over the three year period commencing on the date of issuance.

Also in connection with the acquisition of Access 24, TeleTech caused Access 24 to enter into an employment agreement dated as of January 1, 1996 with Louis T. Carroll, as Managing Director of Access 24. In connection with Mr. Carroll's execution of the agreement, TeleTech issued to Mr. Carroll 38,000 shares of Common Stock, which shares constitute restricted stock subject to the terms of the Option Plan and vest proportionately over the three year period commencing on the date of issuance.

During 1996, TeleTech has granted options to acquire 225,000 shares of Common Stock to its former and current non-executive directors, at an exercise price of \$5.00 per share, pursuant to the TeleTech Holdings, Inc. Directors Stock Option Plan (the "Directors Plan"). All of such options are subject to the terms of the Directors Plan and were granted pursuant to option agreements between TeleTech and each director who received such options.

No underwriters were involved in the transactions described above. All of the shares and options issued in the foregoing transactions were issued or granted by the Company in reliance upon the exemptions from registration available under Section 4(2) of the Securities Act, including Rule 701, Regulation D or Regulation S promulgated thereunder.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

- (a) Exhibits
See attached Exhibit Index.
- (b) Financial Statement Schedules:
None

ITEM 17. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closings specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that for purposes of determining any liability under the Securities Act, (i) the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective and (ii) each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Denver, Colorado on May 20, 1996.

By: /s/ KENNETH D. TUCHMAN

Kenneth D. Tuchman
CHAIRMAN OF THE BOARD OF DIRECTORS,
PRESIDENT AND CHIEF EXECUTIVE
OFFICER

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenneth D. Tuchman and Steven B. Coburn, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as director and/or officer of TeleTech Holdings, Inc.) to sign any and all amendments (including post-effective amendments) to this Registration Statement and to sign a Registration Statement pursuant to Section 462(b) of the Securities Act of 1933, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS REGISTRATION STATEMENT AND POWER OF ATTORNEY HAS BEEN SIGNED ON MAY 20, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED:

SIGNATURE	TITLE
----- /s/ KENNETH D. TUCHMAN ----- Kenneth D. Tuchman	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
----- /s/ STEVEN B. COBURN ----- Steven B. Coburn	Chief Financial Officer (Principal Financial and Accounting Officer)
----- /s/ ALAN SILVERMAN ----- Alan Silverman	Director
----- /s/ RICHARD WEINGARTEN ----- Richard Weingarten	Director
----- /s/ SAMUEL ZELL ----- Samuel Zell	Director

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
1.1*	Form of Underwriting Agreement
3.1*	Restated Certificate of Incorporation of TeleTech
3.2*	Amended and Restated By-laws of TeleTech
4.1*	Amended and Restated Investment Agreement dated as of May , 1996 among TeleTech, TeleTech Investors General Partnership, Alan Silverman, Susan Silverman and Jack Silverman
4.2*	Stock Transfer and Registration Rights Agreement dated as of January 1, 1996 among TeleTech, Access 24 Holdings Pty Limited, Bevero Pty Limited and Access 24 Service Corporation Pty Limited
4.3*	Specimen Common Stock Certificate
5.1*	Opinion of Neal, Gerber & Eisenberg, counsel to TeleTech
10.1	Employment Agreement dated as of January 1, 1995 between Kenneth D. Tuchman and TeleTech
10.2	Employment Agreement dated as of January 1, 1995 between Joseph D. Livingston and TeleTech (the "Livingston Employment Agreement")
10.3*	Amendment to the Livingston Employment Agreement dated May , 1996
10.4*	Employment Agreement dated as of September 30, 1995 between Steven B. Coburn and TeleTech
10.5	Preferred Stock Purchase Agreement dated as of December 22, 1994 among TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc., TeleTech, TeleTech Investors General Partnership and Essaness Theaters Corporation
10.6*	Subscription and Shareholders Agreement dated April 30, 1996 among TeleTech, Access 24 Limited and Priplan Investments Limited
10.7	TeleTech Holdings, Inc. Stock Plan
10.8	TeleTech Holdings, Inc. Director Stock Option Plan
10.9*	Sublease Agreement dated September 26, 1994 between International Business Machines Corporation and TeleTech Telecommunications, Inc.
10.10*	Lease Agreement dated March 16, 1993 between 1700 Lincoln Limited and TeleTech Telecommunications, Inc. and TeleTech Teleservices, Inc.
10.11	Lease dated September 21, 1995 between First Union Management, Inc. and TeleTech Teleservices and TeleTech
10.12*	Form of Client Services Agreement
10.13*	Agreement for Call Center Management between United Parcel General Services Co. and TeleTech
10.14*	Office Lease dated July 24, 1992 between Sam Menlo, d/b/a Menlo Enterprises and TeleTech Telecom- munications
10.15	Business Loan Agreement dated March 29, 1996 among TeleTech Telecommunications, Inc., TeleTech Teleservices, Inc. and TeleTech, as Borrower, and First Interstate Bank of California, as Lender; Addendum dated March 29, 1996
10.16	Stock Purchase Agreement dated as of January 1, 1996 among Access 24 Holdings Pty Limited, Bevero Pty Limited, Access 24 Service Corporation Pty Limited and TeleTech
10.17*	Master Lease Agreement dated as of July 11, 1995 among First Interstate Bank of California, TeleTech, TeleTech Telecommunications, Inc. and TeleTech Teleservices, Inc.
10.18*	Master Equipment Lease Agreement dated as of August 16, 1995 between NationsBanc Leasing Corporation and TeleTech
21.1*	List of subsidiaries
23.1	Consent of Arthur Anderson LLP, independent public accountants
23.2	Consent of Gumbiner, Savett, Finkel, Fingleson & Rose, Inc. (formerly Gumbiner, Savett, Friedman & Rose, Inc.), independent public accountants
23.3*	Consent of Neal, Gerber & Eisenberg (included in Exhibit 5.1)
24.1	Power of Attorney (included on the signature page to the Registration Statement)
27	Financial Data Schedule

 *To be filed by amendment.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "AGREEMENT") is entered into as of January 1, 1995 by and between Kenneth D. Tuchman ("EXECUTIVE") and TeleTech Holdings, Inc., a Delaware corporation (the "COMPANY").

WHEREAS, the Company currently has two wholly owned subsidiaries, TeleTech Telecommunications, Inc., a California corporation, and TeleTech Teleservices, Inc., a Colorado corporation (collectively, "SUBSIDIARIES");

WHEREAS, Executive currently serves as the Chairman of the Board and President of each Subsidiary;

WHEREAS, the Company desires the benefit of Executive's services as its Chairman of the Board and President; and

WHEREAS, Executive desires to be employed on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual agreement set forth herein, the parties hereto agree as follows:

1. EMPLOYMENT. The Company agrees to employ Executive on a full-time basis as Chairman of the Board and President, and Executive hereby accepts such employment on the terms and subject to the conditions set forth herein. The term of employment shall be from the date hereof until and including December 31, 1997 ("TERM"), subject to earlier termination as provided in Section 4.

2. DUTIES.

2.1 GENERAL DUTIES. Executive shall serve as the Chairman of the Board and President of the Company. Subject to the authority of the Company's Board of Directors, Executive shall have supervision and control over, and responsibility for, the general management and operation of the Company consistent with Executive's duties prior to the date hereof with the Subsidiaries. Executive shall also have such other powers and duties as the Board of Directors may prescribe, provided that such duties are reasonable and customary for a Chairman of the Board and President. No executive or other employee of the Company, the Subsidiaries, or any Affiliates, as defined herein, of the Company, shall hold a position, stature, title or powers higher or greater than or equal to those of Executive, without Executive's prior written consent. "AFFILIATE" shall be defined as any person or entity that the Company controls directly or indirectly, through one or more intermediaries, or that is under common control with the Company. Executive shall devote his entire working time, attention and energies to the business of the Company. Notwithstanding anything to the contrary in this Agreement, the Board of Directors of the Company may in their sole discretion authorize Executive to accept employment with other companies in addition to or in substitution of the employment set forth in this Agreement, provided that such authorization shall be approved in writing by a majority of the directors of the Company

selected by TeleTech Investors General Partnership, an Illinois limited partnership ("TIGP"), so long as TIGP is entitled to nominate individuals to serve as directors of the Company.

2.2 OTHER ACTIVITIES. Provided that such activities shall not materially interfere with the proper performance of his duties and responsibilities as the Chairman of the Board and President of the Company nothing in this Agreement shall preclude Executive from:

2.2.1 serving on the boards of directors of a reasonable number of other corporations with the consent of the Company's Board of Directors, which consent will not be unreasonably withheld, or the boards or committees of a reasonable number of trade associations and/or charitable organizations;

2.2.2 delivering lectures, fulfilling speaking engagements or teaching at education institutions;

2.2.3 engaging in charitable activities and community affairs; or

2.2.4 managing his personal investments and affairs.

3. COMPENSATION.

3.1 BASE SALARY. During each year of the Term, the Company shall pay to Executive \$750,000 ("BASE SALARY AMOUNT"), payable in equal semi-monthly installments on the fifteenth and final days of each month during the period of employment. The Base Salary Amount shall be increased on each anniversary of the date hereof ("ADJUSTMENT DATES") by the amount resulting from the following computation: the Consumer Price Index (all items) for Urban Wage Earners and Clerical Workers for the Denver metropolitan area (1982-1984=100), published by the United States Department of Labor, Bureau of Labor Statistics (the "INDEX") which is published for the date immediately preceding an Adjustment Date (the "ADJUSTMENT INDEX") shall be compared with the Index immediately preceding the previous Adjustment Date (the "BEGINNING INDEX"), or for the first Adjustment Date shall be the Index published immediately preceding the date of this Agreement. If the Adjustment Index has increased over the Beginning Index, the Base Salary Amount payable after the Adjustment Date shall be determined by multiplying the Base Salary Amount previously in effect, by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. If the Index does not exist at any Adjustment Date, the parties shall substitute an official index published by the Bureau of Labor Statistics or successor or similar governmental agency, as may then be most nearly equivalent thereto. The adjustment described in this paragraph shall be referred to in this Agreement as the "CPI ADJUSTMENT."

3.2 ANNUAL PERFORMANCE BONUSES.

3.2.1 At the end of every fiscal year of the Company during the Term, the Company shall pay Executive, in addition to his Base Salary Amount, an annual performance bonus ("PERFORMANCE BONUS") not to exceed \$250,000, as adjusted by the CPI Adjustment for each year. Such Performance Bonus shall be based on achieving certain

corporate performance objectives as presented in the Business Plan ("PERFORMANCE OBJECTIVES"), which Performance Objectives shall be set by the Compensation Committee of the Board of Directors or, in the absence thereof, the Board of Directors, and shall be reasonable and fair. Said Compensation Committee or the Board of Directors, as applicable, shall comply with the following procedure in determining said objectives for each fiscal year of the Term:

(a) to determine the Performance Objectives for fiscal year 1995, said Compensation Committee shall meet at the Company's Denver facility no later than January 31, 1995: to analyze the Company's performance for fiscal year 1994; and to discuss Executive's intentions, goals and objectives in 1995 and any Performance Objectives proposed by Executive for 1995. Within 7 days after said meeting, the Compensation Committee shall deliver in writing to Executive its proposed Performance Objectives for fiscal year 1995 along with its reasons for modifying any of Executive's proposed Performance Objectives. Unless Executive accepts said Performance Objectives in writing within 7 days after his receipt thereof, Executive and the Compensation Committee shall meet as soon as reasonably possible at the Company's Denver facility to discuss said proposed Performance Objectives. Within 7 days after said meeting, the Compensation Committee shall deliver in writing to Executive the final Performance Objectives for that fiscal year.

(b) for each fiscal year after 1995, said Compensation Committee shall meet no later than 90 days prior to the end of that fiscal year to review the Company's performance for the first three fiscal quarters and to meet with Executive to analyze the Company's performance over the first three fiscal quarters and its projected performance in the fourth fiscal quarter, to examine Executive's progress in achieving the prior year's Performance Objectives, and to discuss Executive's intentions, goals and objectives for the next fiscal year and any Performance Objectives proposed by Executive for that year. Within 7 days after said meeting, the Compensation Committee shall deliver in writing to Executive its proposed Performance Objectives for that fiscal year along with its reasons for modifying any of Executive's proposed Performance Objectives. Unless Executive accepts said Performance Objectives in writing within 7 days after his receipt thereof, Executive and the Compensation Committee shall meet as soon as reasonably possible at the Company's Denver facility to discuss said proposed Performance Objectives. Within 7 days after said meeting, the Compensation Committee shall deliver in writing to Executive the final Performance Objectives for that fiscal year.

3.2.2 In the event that the Company changes its fiscal year, the computation and payment of the Performance Bonus shall be prorated and adjusted on an allocable and equitable basis to reflect such change including payment of a Performance Bonus for any shortened fiscal year. The Performance Bonus for such year shall be paid no later than ten (10) days after the Company shall have completed consolidating and consolidated statements of income and cash flows of Company and Subsidiaries for such year, and consolidating and consolidated balance sheets of Company and Subsidiaries for such year, and the Company's Board of Directors shall have approved the opinion of the Company's independent certified public accounting firm with respect to the consolidated

portions of such statements. The Company shall also pay to Executive, such discretionary bonuses as may be granted by the Compensation Committee of the Board of Directors, or, in the event that the Compensation Committee does not exist, the Board of Directors.

3.3 EXPENSES. Executive shall be entitled to receive prompt reimbursement for all documented business expenses incurred by him in the performance of his duties hereunder, provided that Executive properly accounts therefor in accordance with the Company's reimbursement policy, which policy shall be comparable to the Subsidiaries' reimbursement policy and practices as of the date hereof.

3.4 OTHER BENEFITS. In addition to the Base Salary Amount, the Performance Bonus and the discretionary bonuses granted to Executive, if any, Executive shall be entitled to participate in and receive benefits under all of the sick pay, retirement, welfare, medical, dental, disability, life insurance, incentive compensation, or other benefit programs or arrangements generally available to senior management of the Company ("BENEFIT PLANS"). Notwithstanding the foregoing, the Company shall at a minimum provide Executive with the following:

3.4.1 MEDICAL BENEFITS. The Company will provide Executive and his wife and children with the same insurance for medical, dental, hospitalization, convalescent, nursing and similar health expenses provided to Executive by the Subsidiaries immediately prior to the execution of this Agreement, subject to applicable law.

3.4.2 LIFE INSURANCE. During the Term the Company agrees to maintain term or whole life insurance in the amount of \$24,000,000 on Executive's life (i) payable to his estate or his named beneficiary or beneficiaries and (ii) payable to the Company to the extent necessary to repay the Company's payment of the premiums for said insurance. The ownership of such insurance policies may, at the sole discretion of the Executive, be transferred to a trust for the benefit of his spouse or family.

3.4.3 DISABILITY AND AD&D INSURANCE. The Company agrees to maintain in effect during the Term disability insurance on Executive's behalf in an amount equal to the lesser of: (a) an amount sufficient to pay Executive an amount for each year of disability prior to age 65 equal to the Base Salary Amount and the prior year's Performance Bonus; or (b) the maximum amount payable to an insured generally available to insure an individual against disability with insurance companies qualifying for an "A" rating or higher by the Best's Rating Service. During the Term, the Company also agrees to maintain for Executive accident, death and dismemberment insurance on the same terms and conditions as Executive presently enjoys. The parties acknowledge that during the Term the Company will maintain key man life insurance, disability, and accident, death and dismemberment insurance for the Company's benefit, separate from the insurance described in this Section 3.4.3 or Section 3.4.2. The disability insurance, and accident, death and dismemberment insurance provided in this Section 3.4.3; and the life insurance provided in Section 3.4.2; including the proceeds therefrom, shall be separate and distinct from other insurance on Executive for the benefit of persons other than Executive, his estate, or his named beneficiary or beneficiaries (including without limitation the Disability Insurance Proceeds and the Life Insurance Proceeds as

defined in the Investment Agreement, dated as of December 22 , 1994, by and among Executive, Company, TIGP and Essaness Theatres Corporation, a Delaware corporation) and shall be reserved for payment to Executive or his designated beneficiaries under said insurance policy.

3.4.4 VACATIONS. During the Term, Executive shall be entitled to sick leave, paid holidays and paid vacation consistent with the Subsidiaries' sick leave, holiday and vacation policy for senior management on the date hereof, or as modified hereafter to the extent that such modification is not to Executive's detriment. Any vacation time that is not taken in a given year shall be carried forward to the following year or years; provided, that Executive shall not take more than six weeks of vacation in any fiscal year; provided, further, that Executive may elect in his sole discretion, to cancel any vacation time that is not taken in a given year in return for the Company paying Executive an amount equal to Executive's Base Salary Amount for said unused vacation time, which amount shall be in addition to Executive's standard salary for paid vacation.

3.4.5 ERRORS & OMISSIONS INSURANCE. During the Term, the Company shall maintain errors and omissions insurance with a reputable insurance company with a policy limit of no less than \$1,000,000 protecting Executive from any and all claims, actions, causes of action, arbitrations, proceedings, losses, damages, liabilities and expenses ("CLAIMS") that arise directly or indirectly from his duties with the Company, the Subsidiaries, or Affiliate of the Company and that are customarily covered by errors and omissions insurance issued by insurance companies of good reputation.

3.4.6 PERQUISITES. Executive shall be entitled to receive the following perquisites:

(a) consistent with past practice, the Company shall furnish Executive with the use of a recent model automobile comparable to the current automobile that TeleTech Teleservices, Inc. furnishes to Executive, and shall pay or reimburse Executive for all expenses pertaining to the ownership and operation of such automobile, including gas and maintenance; and

(b) the Company shall pay or reimburse Executive for all membership fees, dues and other expenses in connection with the membership currently enjoyed by Executive and his spouse with Executive's existing country club, or an equivalent membership at a comparable country club.

4. EARLY TERMINATION.

4.1 TERMINATION FOR DEATH OR DISABILITY. In the event that Executive is unable or fails to perform any of his duties hereunder as a result of his death or as a result of illness or mental or physical disability for six consecutive months, the Company will be entitled to terminate this Agreement upon 30 days written notice to Executive that it intends to replace him if Executive does not resume his duties within said 30 day notice period.

4.2 TERMINATION FOR CAUSE. Except as permitted under Section 4.1, Executive's employment under this Agreement may be terminated by the Company only for the following occurrences ("GOOD CAUSE"):

4.2.1 Executive's breach of any of the covenants contained in Section 5 of this Agreement;

4.2.2 Executive's conviction by, or entry of a plea of guilty or nolo contendere in, a court of competent and final jurisdiction for any crime involving moral turpitude or any felony punishable by imprisonment in the jurisdiction involved; or

4.2.3 Executive's commission of an act of fraud or dishonesty upon the Company;

4.2.4 provided, however, that termination for any other reason or in any other manner shall be deemed to be without Good Cause.

4.3 SEVERANCE PAYMENTS. If, before the end of the Term, the Company terminates Executive's employment:

4.3.1 for Good Cause, the Company shall pay to Executive an amount equal to the sum of the Base Salary Amount accrued as of the date of termination.

4.3.2 without Good Cause, the Company shall pay to Executive the lesser of

(a) a lump sum amount equal to the sum of the Base Salary Amount accrued as of the date of termination, the Performance Bonus prorated for any portion of the year remaining and calculated as if the Company had achieved its target goals, and the present value of all payments (whether constituting Base Salary Amount or Performance Bonus) to be made to Executive for the remainder of the Term using a per annum discount factor equal to the prime rate as announced by Bank of America NT & SA at its San Francisco executive office on the date of such termination and calculated as if the Company had achieved its target goals; or

(b) three times the Base Salary Amount and Performance Bonus for the year immediately preceding the year of termination.

5. TRADE SECRETS AND CONFIDENTIAL INFORMATION. Executive recognizes that he will occupy a position of trust with respect to business and technical information of a secret or confidential nature which is the property of the Company and which will be imparted to him from time to time in the course of the performance of his duties hereunder. Executive agrees that for the Term and for three years thereafter:

5.1 Executive shall not use or disclose directly or indirectly any Confidential Information or Trade Secrets (defined herein) of the Company to any person, except that

Executive may use and disclose to authorized personnel of the Company or Subsidiaries such Confidential Information and Trade Secrets in the course of the performance of his duties hereunder; and

5.2 Executive shall return promptly upon termination of this Agreement or otherwise upon the request of the Company any and all copies of any documentation or materials containing any Confidential Information or Trade Secrets of the Company.

5.3 "CONFIDENTIAL INFORMATION OR TRADE SECRETS" of the Company shall include all information of any nature and in any form which was owned by the Company prior to the Term or which is owned by the Company during the Term, including, but not limited to, patents and patent applications; inventions and improvements, whether patentable or not; development projects; computer software and related documentation and materials; designs, practices, recipes, processes, methods, know-how and other facts relating to the business of the Company; practices, processes, methods, know-how and other facts related to sales, advertising, promotions, financial matters, customers, customer lists, supplier lists, vendor lists, or customers' purchases of goods or services from the Company; and all other trade secrets and information of a confidential and proprietary nature. Confidential Information or Trade Secrets shall not include, however: (i) any information that is or shall become generally known in the trade through no fault of Executive, and (ii) any information received in good faith from a third party who has the right to disclose such information and who has not received such information, either directly or indirectly, from the Company.

6. INDEMNIFICATION. The Company shall indemnify, defend and hold harmless Executive if he is made, or threatened to be made, a party to an action or proceeding (including without limitation any and all suits, claims, actions, investigations or proceedings whether civil, criminal or administrative), to the full extent permitted by applicable law, including an action by or in the right of the Company to procure a judgment in its favor, by reason of the fact that Executive is or was an officer, director or employee of the Company, against all costs and expenses (including but not limited to attorney fees, amounts paid in settlement or satisfaction of any order or judgment in, any action or proceeding, and fines, penalties and assessments asserted or adjudged in any action or proceeding) resulting from or related to such action or proceeding, or an appeal thereof, if Executive acted in good faith for a purpose which he reasonably believed to be in the best interests of the Company. The termination of any such action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create the presumption that Executive did not act in good faith for purposes which he reasonably believed to be in the best interests of the Company.

7. NON-COMPETITION. Executive's non-competition covenants in this Section 7 shall apply only: for a three year period after the Company terminates Executive's employment for Good Cause, for a three year period after Executive voluntarily terminates his employment with the Company, or during the Executive's employment with the Company (collectively "NON-COMPETE TERM").

7.1 Executive agrees that Executive shall not during any Non-Compete Term, directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business as defined herein.

7.2 The Executive agrees that the Executive shall not during any Non-Compete Term, make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business. Executive, however, shall be entitled to make any investment in any company whose stock is listed on a national securities exchange or actively traded in the over-the-counter market; provided that (i) such investment does not give the Executive 15% or more of the equity ownership or voting power with respect to such company, and (ii) such investment does not create a conflict of interest between the Executive's duties hereunder and the Executive's interest in such investment.

7.3 For the purpose of this Section 7, "PROHIBITED BUSINESS" shall be defined as any business that has as its primary business inbound or outbound teleservices.

8. INJUNCTIVE RELIEF. Executive acknowledges that damages would be an inadequate remedy for Executive's breach of any of the provisions of Sections 5 or 7 of this Agreement, and that breach of any of such provisions will result in immeasurable and irreparable harm to the Company. Therefore, in addition to any other remedy to which the Company may be entitled by reason of Executive's breach of any such provision, the Company shall be entitled to seek and obtain temporary, preliminary and permanent injunctive relief from any court of competent jurisdiction restraining Executive from committing or continuing any breach of the Sections listed herein.

9. MISCELLANEOUS.

9.1 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or three (3) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, to the parties, their successors in interest or their assignees at the following addresses, or at such other addresses as the parties may designate by written notice in the manner aforesaid:

To the Company:

TeleTech Holdings, Inc.
1700 Lincoln Street, 14th Floor
Denver, Colorado 80203
Attention: Kenneth Tuchman
PERSONAL AND CONFIDENTIAL

With a copy to:

Equity Group Investments, Inc.
Two North Riverside Plaza
Chicago, IL 60606
Attn: Richard Weingarten

To Executive:

Kenneth D. Tuchman
4375 S. Lafayette Street
Englewood, Colorado 80110

With a copy to:

AHN & LEE
3435 Wilshire Boulevard, Ste. 2000
Los Angeles, CA 90010-2006

9.2 GOVERNING LAW. This Agreement shall be governed as to its validity and effect by the laws of the State of Colorado.

9.3 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of (i) the heirs, executors and legal representatives of Executive upon Executive's death and (ii) any successor of the Company and any such successor or permitted assign shall be deemed substituted for the Company, as the case may be, under the terms hereof for all purposes. As used in this Agreement, "SUCCESSOR" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger, consolidation or otherwise, directly or indirectly acquires a majority of the assets, business or stock of the Company.

9.4 ASSIGNMENT. This Agreement is personal to the Company and Executive and may not be assigned by either party without the written consent of the other, except as permitted by Section 9.3 (ii).

9.5 ENTIRE AGREEMENT/MODIFICATION. This Agreement supersedes any and all other agreements, either oral or written, between the parties hereto with respect to the subject matter hereof. Executive and the Company agree that no other agreement, statement or promise with respect to the subject matter hereof not contained in this Agreement and the agreements and instruments contemplated hereby shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing, signed by the party to be charged.

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

9.7 SEVERABILITY. Any provision of this Agreement which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this paragraph be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

9.8 AGREEMENT FEES AND EXPENSES. The Company shall reimburse Executive for all legal fees and expenses in negotiating this Agreement, advising Executive with respect to this Agreement before the execution hereof, and drafting this Agreement.

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

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

TELETECH HOLDINGS, INC.

By: /s/ Kenneth D. Tuchman

Its: _____

/s/ Kenneth D. Tuchman

Kenneth D. Tuchman

EMPLOYMENT AGREEMENT

This Employment Agreement ("the Agreement") is entered into as of January 1, 1995, by and between TELETECH HOLDINGS, INC., a Delaware Corporation ("Employer") and JOSEPH D. LIVINGSTON ("Employee").

RECITALS

A. Employer is engaged in the business of providing direct marketing, teleservices and telemarketing services to its customers.

B. Pursuant to the terms and conditions of this Agreement, Employer desires to employ Employee as Senior Vice President, Chief Operating Officer and an Advisor to the Board of Directors and Employee desires to be employed as the same.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, Employer and Employee hereby agree as follows:

1. TERM OF EMPLOYMENT. Employee accepts full-time employment with Employer in accordance with the terms and conditions of this Agreement effective January 1, 1995. The term of employment under this Agreement shall commence on January 1, 1995 and shall continue until employment under the Agreement is terminated under the terms and conditions of this Agreement.

2. EMPLOYMENT AND DUTIES. Until otherwise directed by Employer at its sole discretion, Employee shall act as Senior Vice President, Chief Financial Officer and an Advisor to the Board of Directors.

At all times during effectiveness of this Agreement and until otherwise advised by Employer at its sole discretion, Employee shall be subject to the direction and control of Employer's President and Board of Directors and shall report directly to Kenneth Tuchman. Employee agrees to perform, in good faith and to the best of his ability, and in the manner and at times directed by Employer, all of the services required hereunder and otherwise required by Employer. Employee further agrees to comply with all reasonable directions, requests and requirements of the Employer in connection with his employment.

3. COMPENSATION. Employee shall be paid the compensation set forth in this paragraph which shall be subject to income tax withholdings and other normal payroll deductions.

A. BASE COMPENSATION. The base compensation to be paid by Employer to Employee for the services to be rendered by him shall be the sum of \$13,333.33 per month (the annualized rate of \$160,000.00 per year) payable in equal bi-weekly installments.

B. PERFORMANCE BONUS PLAN. Employee shall also be paid commissions in accordance with the Performance Bonus Plan which is attached hereto as Exhibit A.

From time to time during Employee's employment, Employer shall in its sole discretion establish or change the variables applicable to Employee which are necessary for the operation of the Performance Bonus Plan.

C. PERFORMANCE BONUS PLAN VARIABLES. The initial Performance Bonus Plan variables which are applicable to Employee are as follows:

i. PERFORMANCE BONUS BASE: Sixty Thousand Dollars (\$60,000.00) for fiscal year 1995.

ii. TOTAL GROSS REVENUE PERFORMANCE TARGET: Sixty Eight Million Dollars (\$68,000,000.00) for fiscal year 1995.

iii. PERFORMANCE TARGET FOR GROSS REVENUES OF THE CIS, DATA PROCESSING AND TELECOMMUNICATIONS DEPARTMENTS: Five Million Dollars (\$5,000,000.00) for fiscal year 1995.

iv. PERFORMANCE BONUS LOADING FACTOR FOR GROSS REVENUES OF THE CIS, DATA PROCESSING AND TELECOMMUNICATIONS DEPARTMENTS: Twenty Five Percent (25%). In the event that the Actual Gross Revenues for the CIS, Data Processing and Telecommunication Departments are less than Seventy Five Percent (75%) of the Performance Target for a particular year, the Performance Loading Factor for that year shall be Zero Percent (0%).

v. PERFORMANCE TARGET FOR GROSS REVENUES FROM TRAINING OPERATION: Three Million Five Hundred Thousand Dollars (\$3,500,000.00) for fiscal year 1995.

vi. PERFORMANCE BONUS LOADING FACTOR FOR GROSS REVENUES FROM TRAINING OPERATIONS: Twenty Five Percent (25%). In the event that the Actual Gross Revenues from Training Operation are less than Seventy Five Percent (75%) of the Performance Target for a particular year, the Performance Loading Factor for that year shall be Zero Percent (0%).

vii. PERFORMANCE TARGET FOR CONSOLIDATED NET INCOME: Six Million Eight Hundred Thousand Dollars (\$6,800,000.00)

for fiscal year 1995.

viii. PERFORMANCE BONUS LOADING FACTOR FOR CONSOLIDATED NET INCOME: Fifty Percent (50%). In the event that the Actual Consolidated Net Income is less than Seventy Five Percent (75%) of the Performance Target for a particular year, the Performance Loading Factor for that year shall be Zero Percent (0%).

4. BENEFITS. Employee shall be entitled to the following employee benefits during his employment:

A. BUSINESS EXPENSES. Employee shall be reimbursed for all authorized and approved travel, entertainment and business expenses reasonably and necessarily incurred and properly accounted for by Employee on behalf of the Employer.

B. AUTOMOBILE ALLOWANCE. Employee shall be entitled to an allowance for automobile expenses including but not limited to gasoline, insurance, repairs and maintenance in the amount of Five Hundred Dollars (\$500.00) per month during Employee's employment.

C. VACATIONS. Employee shall be entitled to paid vacations in accordance with Employer's policy as set forth in "TeleTech's Employee Handbook," which shall not be less than Three (3) weeks per year. Such vacations shall be at times reasonably agreeable to both Employer and Employee. Any vacation not taken during the fiscal year in which it accrues shall be automatically forfeited and may not be carried over from year-to-year. Employee shall not have the right to be paid for unused vacation upon termination of employment or otherwise.

D. OTHER BENEFITS. Employee shall be entitled to all other rights and benefits for which Employee may be eligible under any group life insurance, 401K benefit plan, medical and/or dental insurance program or any other employee benefit which Employer may, at its sole discretion, provide to Employee or its executive employees generally as are set forth in "TeleTech's Employee Handbook."

5. STOCK RIGHTS.

A. STOCK PLAN BENEFITS. Employee shall be entitled to benefits under TeleTech Holdings, Inc. Stock Plan ("Stock Plan") which are set forth in this Agreement. Such benefits shall be governed by such Stock Plan in the form that it is ultimately established and from time-to-time amended and/or modified.

B. SPECIFIC BENEFITS. Subject to the terms and conditions of this Agreement and the Stock Plan, Employee shall be

entitled to Nonqualified Stock Options exercisable for One Hundred Fifty Thousand (150,000) shares of Employer's Common Stock under the Stock Plan benefits. Said Nonqualified Stock Options shall be exercisable at an Option Price of Six Dollars and Forty Five Cents (\$6.45) per share.

C. RESTRICTIONS ON STOCK PLAN BENEFITS. No Stock Plan benefits shall be issued to Employee unless and until Employer has determined that such issuance is in compliance with applicable state and federal securities and other laws and regulations related thereto. All such Stock Plan benefits shall be subject to such other restrictions required by the Stock Plan and/or the law generally.

D. SOLE STOCK OR EQUITY BENEFITS. Except as specifically provided in this Agreement, Employee has no rights whatsoever of any nature to any other stock, stock rights, Stock Plan benefits, profits, debt or equity interests in Employer or any of its affiliated or related companies.

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

6. EXCLUSIVITY OF SERVICES. During the term hereof, Employee's services shall be exclusive to Employer during normal working hours and at such other times as may reasonably be required by Employer. Employee may not engage in any other business or investment activities which shall in any manner interfere with his duties to Employer hereunder or which may be contrary, adverse or prejudicial to Employer's business or in competition with Employer.

7. EMPLOYMENT AT WILL. Either Employer or Employee may terminate his employment under this Agreement at any time, with or without cause or reason or with or without any prior notice. Upon termination, Employee will only be entitled to unpaid compensation for services rendered through the date of termination, unpaid commissions earned on billings through the date of termination, employee benefits through the date of termination and Stock Plan benefits subject to the terms of this Agreement and the Stock Plan through the date of termination.

8. TERMINATION FOR CAUSE. Without in any manner restricting

the right of Employer to terminate Employee's employment at any time without cause and without prior notice as set forth in Paragraph 7 of this Agreement, Employer may terminate Employee for cause based upon the occurrence of any of the following:

A. Failure of Employee to meet performance levels or management objectives established by Employer, including without limitation, any applicable Sales Quota and/or other objectives expressed or implied by any commission, incentive or bonus compensation provisions contained in this Agreement.

B. Any actions by Employee relating to Employer which involve dishonesty, fraud or moral turpitude.

C. Employee's willful failure or refusal to comply with a directive of any officer of Employer to whom he reports, or a directive of Employer's Board of Directors.

D. Employee's conviction of a felony.

E. Death of Employee.

F. Employee's inability to perform substantially all of his duties due to illness, accident or other disability for one or more periods aggregating Ninety (90) days in any Twelve (12) month period or for any Sixty (60) consecutive days.

G. Any action or inaction on the part of Employee which has a substantial adverse effect on Employer or Employer's reputation.

H. Disclosure or use of trade secrets or confidential information in violation of this Agreement.

I. Any other material violation of this Agreement by Employee.

9. NONCOMPETITION AFTER THE TERM OF EMPLOYMENT. Employee acknowledges that he has been employed as part of the professional, management and executive staff of Employer whose duties include the formulation and execution of management policy. In this regard and in consideration of being permitted access to Trade Secrets of the Employer, Employee agrees that, for a period of Three (3) years after the termination of Employee's employment for any reason with or without cause, Employee shall not:

A. Directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business that conducts business in the United States.

B. Directly or indirectly, in any capacity, make any financial investment, whether in the form of equity or debt, or own any interest in any Prohibited Business that conducts business in the United States.

Notwithstanding the above, however, Employee shall be entitled to make any investment in any company whose stock is listed on a national securities exchange or actively traded in the over-the-counter market and provided that such investment does not give the Employee Five Percent (5%) or more of the equity ownership or voting power with respect to such company.

C. For the purpose of this paragraph, a "Prohibited Business" shall be defined as any business related to inbound or outbound teleservices, development or maintenance of voice or data communication, software applications for marketing or market intelligence purposes, customer communications services or technological innovation or support for any of the foregoing.

10. TRADE SECRETS. Employee acknowledges that he has been employed by Employer to occupy a position of trust. In this regard, Employee agrees to keep confidential all Trade Secrets of Employer in accordance with the terms of conditions of this paragraph.

A. For purposes of this Agreement, the term "Trade Secrets" shall include, but shall not be limited to, all confidential or proprietary information possessed by Employer that is encompassed in its records, materials, customer lists and requirements, processes, formulae, computer programs, operating systems, software and information, drawings, designs, plans, financial information, costs pricing information, and all know-how, technical data, information, concepts or ideas developed or utilized by Employer, or reasonably related to its business not previously released to the public by duly authorized representatives of Employer.

B. Employee agrees to regard and preserve as confidential all Trade Secrets pertaining to Employer's business that have been or may be obtained by Employee by reason of his employment. Employee will not, without written authority from Employer, use for his own benefit or purposes, nor disclose to others, either during his employment or thereafter (except as required in the course of her employment with Employer) any Trade Secret connected with the business of Employer. Employee further agrees that he will not take or retain or copy any of Employer's Trade Secrets or other materials utilized by Employer in its business including but not limited to information, specifications, drawings, blueprints, computer software, operating systems, know-how or other documents, computer tapes, discs, storage devices, pricing information

relating to customers or technical data.

C. All information, know-how and other things devised or created by Employee during the term of his employment, solely or jointly with others which fall within the definition of a Trade Secret of Employer shall belong solely to Employer. Upon request of Employer, Employee promises to assign any such thing to Employer and to assist Employer in obtaining patents, copyrights, trademarks and/or trade names on any such Trade Secret.

11. INVENTIONS. With respect to Inventions, Employee agrees as follows:

A. For purposes of this Agreement, the term "Invention" shall mean any protectable tangible or intangible things, materials and/or information, including but not limited to new machines, devices, software, programs, processes, uses, apparatuses, know-how, designs or compositions of any kind and/or any matter potentially subject to copyright, trademark or service mark, which are discovered, conceived, developed, made, produced or improved. The term "Invention" shall not be limited to the definition of any invention contained in the patent laws of the United States.

B. Employee agrees that all Inventions made by him during the term of his employment, solely or jointly with others, which are made with Employer's equipment, supplies, facilities, Trade Secrets or which relate to the business of Employer or its actual or demonstrably anticipated research or development or which result from any work performed by Employee for Employer, shall belong to Employer, and Employee promises to assign such Inventions to Employer. Employee also agrees that Employer shall have the right to keep such Invention as a Trade Secret if Employer so chooses.

C. Employee agrees to disclose to Employer in writing promptly and in confidence all Inventions (whether Employee considers them protectable or not) which Employee, alone or with others, conceives or makes, within the scope of this Agreement as well as all patent, copyright, trademark and/or service mark applications filed by Employee within one (1) year after termination of Employee's employment. Employee hereby assigns and agrees to assign to Employer all of his right, title and interest in and to any such Inventions and agrees that he shall not disclose any of such things to others without the express consent of Employer.

D. During his employment and after it terminates and on request of and at the expense of Employer, Employee shall assist Employer in obtaining patents, copyrights, trademarks and/or service marks on all Inventions deemed protectable by Employer in the United States and in all foreign countries. In this regard, Employee shall execute all documents and do all things necessary to

vest Employer, or its nominee, with full title to all such things and to protect the same against use and/or infringement by others.

E. For purposes to this Agreement, an Invention shall be deemed to have been made during the period of Employee's employment if, during such period, the Invention was conceived or first actually reduced to practice. Employee agrees that any patent, copyright, trademark or service mark application filed within one (1) year after termination of his employment shall be presumed to relate to an Invention made during the term of his employment unless Employee can sustain his burden of proof to the contrary.

F. Notwithstanding the foregoing, the provisions of this Paragraph do not apply to any Invention: i) for which no equipment, supplies, facilities, or Trade Secrets of Employer were used; ii) which was developed entirely on Employee's own time; and iii) which does not relate to the business of Employer or to Employer's actual or demonstrably anticipated research or development or which does not result from any work performed by Employee for Employer.

12. AUTHORITY TO BIND EMPLOYER TO CONTRACTS. Without the express written approval of Employer which sets forth the specific contract at issue, Employee shall not have the right or authority to enter into or in any manner bind Employer to any contract on Employer's behalf.

13. STATEMENTS TO THE PRESS, PUBLIC OR MEDIA. Without the express written approval of Employer which sets forth the specific occasion and subject matter at issue, Employee shall not have the right or authority to make any statement to or on behalf of Employer to the press, public or media. Any unauthorized attempt to do so by Employee shall be a material breach of this Agreement.

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

15. DRAFTING OF AGREEMENT. The parties to this Agreement hereby acknowledge and agree that it has been jointly negotiated and drafted by the parties and that it shall not be construed either for or against either party based upon who drafted any part of it.

16. SEVERABILITY. If any provisions of this Agreement are found to be void or unenforceable, such provisions shall be

enforced to the maximum possible extent permitted by law, and such provisions shall be deemed severable from the remainder of this Agreement so that all the other provisions of this Agreement shall continue to be valid and enforceable.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties with respect to all matters, including but not limited to the employment relationship, Employee's compensation, commissions and benefits, any entitlement to stock, stock rights, Stock Plan benefits, profits, debt and equity interests in Employer or any of its affiliated companies and/or the termination of Employee's employment.

This Agreement supersedes all prior oral or written understandings and agreements relating to its subject matter and all other business relationships between Employer and/or its affiliated companies and Employee.

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

This Agreement may be modified only by a written instrument executed by the parties, which is designated as an amendment to this Agreement.

18. GOVERNING LAW. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

19. INJUNCTIVE RELIEF. Employee acknowledges that damages would be an inadequate remedy for his breach of any of the provisions of Paragraph 10, 11 and 12 of this Agreement, and that his breach of any of such provisions will result in immeasurable and irreparable harm to Employer. Therefore, in addition to any other remedy to which Employer may be entitled by reason of Employee's

breach of any such provision, Employer shall be entitled to seek and obtain temporary, preliminary and permanent injunctive relief from any court of competent jurisdiction restraining Employee from committing or continuing any breach of the provisions of any such Paragraph.

20. REMEDIES. The remedies herein provided shall be deemed to be cumulative and the exercise of one such remedy shall not preclude the exercise of any other remedy based upon any particular occurrence or contingency, nor shall the specification of remedies herein exclude any rights or remedies at law or in equity which may be available related to this Agreement or otherwise, including any rights to damages or injunctive relief. It is specifically agreed that Employer may recover by appropriate action, or may withhold from any compensation payable to Employee hereunder, the amount of actual damage caused to Employer by failure, refusal or neglect of Employee to keep and perform all of the covenants and warranties herein contained.

21. NOTICES. All notices and demands of any kind which either Party hereto may require or desire to serve upon any other Party to this Agreement shall be in writing and served upon the other Party by personal service, whereupon service of said notice shall be deemed complete, or by mailing a copy thereof by certified mail or registered mail, postage prepaid with return receipt, to the addresses set forth below:

To Employer: TeleTech Holdings, Inc.
1700 Lincoln Street, 14th Floor
Denver, Colorado 80203
Attention: Ken Tuchman, President

To Employee: Joseph D. Livingston
400-41 South Steele
Hyde Park
Denver, Colorado 80209

With copy to: Berman, Blanchard, Mausner & Kindem
A Law Corporation
4727 Wilshire Boulevard, Suite 500
Los Angeles, California 90010
Attention: Lonnie C. Blanchard III

In case of service by mail, it shall be deemed complete on the day of actual delivery, as shown by the addressee's registered or certified mail receipt, or at the expiration of the third (3rd) day after the date of mailing, whichever occurs first. The addresses to which notices or demands may be sent may be changed by written notice served as hereinabove provided by either Party upon the other Parties.

22. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and bind the Parties hereto, their respective heirs, executors, administrators, successors, assigns, employees, owners, officers, directors, subsidiaries, affiliates, predecessors, agents, attorneys and representatives, and each of them.

Notwithstanding anything contrary stated herein, Employee shall not have the right to assign any of his obligations to perform any of the services required of him hereunder.

IN WITNESS WHEREOF, Employer and Employee have executed and delivered this Agreement as of the date first above written.

EMPLOYER:

TELETECH HOLDINGS, INC.,
a Delaware Corporation

By: /s/ Kenneth D. Tuchman

EMPLOYEE:

By: /s/ Joseph D. Livingston

PERFORMANCE BONUS PLAN

THE PURPOSE

The purpose of this Plan is to align the interests of JOSEPH D. LIVINGSTON with the corporate objectives of TeleTech. Among others, TeleTech's objectives are as follows:

- * Achievement of targeted company-wide gross revenues.
- * Achievement of targeted departmental gross revenues.
- * Achievement of targeted company-wide net income.

This Plan and the objectives set forth above may be modified by Employer from time to time at its sole discretion.

DEFINITIONS

The following definitions shall apply to the Plan:

1. GROSS REVENUES. For purposes of the Plan, "Gross Revenues" shall mean the following: Consolidated gross revenues for Employer as determined in accordance with generally accepted accounting principles, consistently applied ("GAAP").

For purposes of the Plan, Gross Revenues shall not include "Extraordinary Income."

2. EXTRAORDINARY INCOME. For purposes of the Plan, "Extraordinary Income" shall mean the following: All unusual, nonrecurring or non-operating items of revenue or income including but not limited to the proceeds from settlement of or judgement received in any litigation or dispute relating to the early termination or cancellation of client contracts.

3. TOTAL GROSS REVENUE LOADING FACTOR: The "Total Gross Revenue Loading Factor" shall be calculated as follows: [Actual Gross Revenue/Performance Target].

4. CONSOLIDATED NET INCOME. For purposes of the Plan, "Consolidated Net Income" shall mean the following: Consolidated net income of Employer after all interest, taxes, depreciation and amortization as determined in accordance with GAAP. Consolidated Net Income shall also exclude Extraordinary Income.

THE PLAN

The terms and conditions of the Plan are as follows:

1. ANNUAL PERFORMANCE BONUSES. The Employee shall be entitled to performance bonuses based upon the achievement of the

goals which are from time to time promoted by the Plan. These bonuses shall be calculated and paid in the manner set forth in this Plan. All performance bonuses under the Plan shall be paid by Employer to Employee within Ninety (90) days after the last day of the fiscal year at issue.

In this regard, Employee shall be entitled to the arithmetic sum of the following Annual Performance Bonuses:

A. ANNUAL PERFORMANCE BONUS BASED UPON ACHIEVEMENT OF GROSS REVENUE TARGET FOR THE CIS, DATA PROCESSING AND TELECOMMUNICATION DEPARTMENTS. For each fiscal year during Employee's employment, Employee shall be entitled to receive a performance bonus based on the achievement of the Gross Revenue Target for Employer's CIS, Data Processing and Telecommunication Departments. Such performance bonus shall be calculated as follows: $[(\text{Actual Gross Revenues for the CIS, Data Processing and Telecommunications Departments} / \text{Performance Target}) \times \text{Performance Bonus Loading Factor} \times \text{Total Gross Revenue Loading Factor} \times \text{Performance Bonus Base}]$;

B. ANNUAL PERFORMANCE BONUS BASED UPON ACHIEVEMENT OF GROSS REVENUE TARGET FOR TRAINING OPERATIONS. For each fiscal year during Employee's employment, Employee shall be entitled to receive a performance bonus based on the achievement of the Gross Revenue Target for Training Operations. Such performance bonus shall be calculated as follows: $[(\text{Actual Gross Revenues directly attributable to Training Operations} / \text{Performance Target}) \times \text{Performance Bonus Loading Factor} \times \text{Total Gross Revenue Loading Factor} \times \text{Performance Bonus Base}]$; and

C. ANNUAL PERFORMANCE BONUS BASED UPON ACHIEVEMENT OF CONSOLIDATED NET INCOME TARGET. For each fiscal year during Employee's employment, Employee shall be entitled to receive a performance bonus based on the achievement of the Consolidated Net Income Target. Such performance bonus shall be calculated as follows: $[(\text{Actual Consolidated Net Income} / \text{Performance Target}) \times \text{Performance Bonus Loading Factor} \times \text{Total Gross Revenue Loading Factor} \times \text{Performance Bonus Base}]$.

2. ANNUAL DISCRETIONARY BONUSES. In the event that none of the targets necessary for Employee to be paid any Annual Performance Bonuses has been met during any particular fiscal year, Employer may pay to Employee a discretionary bonus at its sole discretion.

3. OVERRIDE OF ANNUAL PERFORMANCE BONUS CALCULATION. Subject to the Annual Performance Bonus Limitation, in the event that Actual Consolidated Net Income for any particular fiscal year exceeds the Consolidated Net Income Target, Employee shall be paid as his/her Annual Performance Bonuses the greater of the following

two amounts:

A. The Annual Performance Bonuses pursuant to the calculations set forth in Paragraph 1 of the Plan; or

B. 100% of Performance Bonus Base.

4. BONUS ADJUSTMENT. At any time after the payment of any bonus under the Plan, Employer may at its sole discretion audit and/or recalculate bonuses and determine if bonuses have been underpaid or overpaid. In the event that it is determined that bonuses have been underpaid for any reason under the terms and conditions of the Plan, Employer shall pay to Employee in accordance with the terms and conditions of the Plan the amount of any such underpaid bonuses. In the event that it is determined that bonuses have been overpaid for any reason under the terms and conditions of the Plan, Employee shall pay to Employer the amount of any such overpaid bonuses and/or Employer shall have the right at its sole discretion to deduct such overpaid bonuses from future compensation and bonuses due to Employee. Payment of any amount of bonuses by Employer or any other action or inaction of the Employer shall not constitute a waiver of any right whatsoever to seek reimbursement from Employee of any amount of overpaid bonuses.

5. TERMINATION OF EMPLOYMENT. Employee shall not be entitled to bonuses for any period after the termination of Employee's employment regardless of the reason for termination. With respect to the termination of the right to receive such bonuses, Employee acknowledges and agrees that the termination of such right is fair and reasonable and justified by the fact that, after Employee's employment is terminated, he/she will not perform services which are necessary to achieve the targets and objectives at issue.

6. EMPLOYER'S RIGHT TO REJECT ANY CONTRACT. The Employer shall at its sole discretion have the right to refuse to enter into, reject, terminate, modify or compromise any contract with any prospective, existing or past customer. In the event that Employer refuses to enter into, rejects, terminates, modifies or compromises any such contract, Employee shall not have and hereby waives the right to claim bonuses on any amount not actually collected by Employer on any such contract.

PREFERRED STOCK PURCHASE AGREEMENT

BY AND AMONG

TELETECH TELESERVICES, INC.,

TELETECH TELECOMMUNICATIONS INC.,

TELETECH HOLDINGS, INC.,

TELETECH INVESTORS GENERAL PARTNERSHIP, and

ESSANESS THEATRES CORPORATION

DATED AS OF DECEMBER 22, 1994

PREFERRED STOCK PURCHASE AGREEMENT

THIS PREFERRED STOCK PURCHASE AGREEMENT ("Agreement") is made as of December 22, 1994, by and among TELETECH TELESERVICES, INC., a Colorado corporation ("TTS"), TELETECH TELECOMMUNICATIONS INC., a California corporation ("TTC"), TELETECH HOLDINGS, INC., a Delaware corporation ("Issuer"), TELETECH INVESTORS GENERAL PARTNERSHIP, an Illinois general partnership ("Partnership"), and ESSANESS THEATRES CORPORATION, a Delaware corporation ("Essaness"). TTS, TTC and Issuer are sometimes collectively referred to hereinafter as "Sellers." TTS and TTC are sometimes collectively referred to hereinafter as the "Operating Companies." Partnership and Essaness are sometimes collectively referred to hereinafter as "Purchaser". Unless otherwise defined herein, capitalized terms used in this Agreement are defined in Article VIII hereof.

R E C I T A L S

WHEREAS, the Operating Companies are engaged currently in the business of providing teleservicing services from locations in Colorado and California;

WHEREAS, Kenneth Tuchman, an individual residing in the State of Colorado ("Tuchman"), is the sole record and beneficial owner of 100% of the issued and outstanding shares of the capital stock of the Operating Companies ("Operating Companies Stock") and, immediately after the incorporation of Issuer, will be the sole record and beneficial owner of 100% of the issued and outstanding shares of the capital stock of Issuer; and

WHEREAS, the parties desire that Purchaser acquire an indirect equity interest in the Operating Companies following Tuchman's contribution of all of the Operating Companies Stock to Issuer in exchange for all of the outstanding shares of Issuer's common stock and that Issuer subsequently will issue and sell to Purchaser shares of Issuer's Convertible Preferred Stock, all on the terms and subject to the conditions set forth below.

A G R E E M E N T

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

ARTICLE I ISSUE AND SALE OF STOCK

Section 1.1. SALE AND ISSUANCE OF PREFERRED STOCK. Upon the terms and subject to the conditions contained in this Agreement, Purchaser agrees to purchase at the Closing (as hereinafter defined), and Issuer agrees to issue and sell to Purchaser at the Closing, 1,860,000 shares of Issuer's Convertible Preferred Stock, par value \$6.45 per share ("Preferred Stock"), which initially shall be convertible into 1,860,000 shares of Issuer's common stock, \$.01 par value ("Issuer Common Stock"), subject to adjustment and, as of the Closing, constituting 16.9% of the Fully Diluted Issuer Common Stock, free and clear of all Claims. The Preferred Stock will have the rights, preferences and privileges set forth in Issuer's Certificate of Incorporation (as hereinafter defined).

Section 1.2. PURCHASE PRICE. The price for the purchase of all of the Preferred Stock shall be Twelve Million Dollars (\$12,000,000) in the aggregate (the "Purchase Price").

Section 1.3. MANNER OF PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid at the Closing by wire transfer of immediately available funds to such bank account as Issuer shall designate by written notice delivered to Purchaser not later than two (2) business days prior to the Closing.

Section 1.4. DELIVERY OF PREFERRED STOCK. At the Closing, Issuer or such other Person on behalf of Issuer shall deliver (a) to Partnership certificates evidencing One Million Seven Hundred Five Thousand (1,705,000) shares of the Preferred Stock (together with all rights then or thereafter attaching thereto) and (b) to Essaness certificates evidencing One Hundred Fifty-Five Thousand (155,000) shares of the Preferred Stock (together with all rights then or thereafter attaching thereto).

Section 1.5. TIME AND PLACE OF CLOSING. The purchase and sale of Preferred Stock shall be consummated (the "Closing") at 10:00 a.m. at the offices of Seyfarth, Shaw, Fairweather & Geraldson, 55 E. Monroe Street, Suite 4200, Chicago, Illinois 60603 on January 11, 1995, or on such later date when the conditions of the Closing set forth in Article II hereof are satisfied or waived, or on such other date, or at such other place, as shall be agreed upon by Issuer and Purchaser. The date on which the Closing shall occur in accordance with the preceding sentence is referred to in this Agreement as the "Closing Date." If the Closing shall occur, it shall be deemed to be effective as of 12:01 a.m., prevailing time as of the Closing Date.

ARTICLE II CONDITIONS TO CLOSING

Section 2.1. CONDITIONS TO SELLERS' OBLIGATION. Sellers' obligation to consummate the Closing is subject to the fulfillment or waiver of all of the conditions set forth below on or prior to the Closing Date. Upon the non-fulfillment of any of such conditions, Sellers' obligation to consummate the Closing may be terminated, at Issuer's sole discretion, pursuant to and with the effect set forth in Article VII hereof.

(a) PURCHASER'S REPRESENTATIONS AND WARRANTIES. Each and every representation and warranty made by Partnership and Essaness shall have been true and correct when made and shall be true and correct as if originally made on and as of the Closing Date.

(b) PURCHASER'S OBLIGATIONS. Purchaser shall have performed or complied with all covenants and conditions required to be performed or complied with by it at or prior to the Closing Date.

(c) NO ACTIONS RESTRAINING. No suit, proceeding or investigation shall have been commenced or threatened by any governmental authority or Person on any grounds to restrain or enjoin, or to seek damages on account of, the consummation of the transactions contemplated hereby.

(d) COMPLIANCE WITH APPLICABLE LAWS. The sale of the Preferred Stock by Issuer to Purchaser under this Agreement shall not be prohibited, restricted or enjoined by any applicable law, statute, governmental rule, regulation, guideline, injunction or restraining order in effect (or pending or proposed), and shall be permitted by laws, statutes, governmental rules, regulations and guidelines in effect (or pending or proposed) of the jurisdictions to which Sellers are subject.

(e) GOVERNMENTAL AND THIRD PARTY CONSENTS. Purchaser shall have obtained all necessary governmental approvals and filings required by applicable law and third party consents required in connection with Purchaser's consummation of the transactions contemplated under this Agreement and pursuant to the other Transaction Documents.

(f) OPINION OF PARTNERSHIP'S COUNSEL. Partnership shall have delivered to Issuer the written opinion of Rosenberg & Liebentritt, P.C., counsel for Partnership, dated as of the Closing Date in substantially the form attached hereto as EXHIBIT A.1.

(g) OPINION OF ESSANESS'S COUNSEL. Essaness shall have delivered to Issuer the written opinion of Sachnoff & Weaver Ltd., counsel for Essaness, dated as of the Closing Date in substantially the form attached hereto as EXHIBIT A.2.

(h) INVESTMENT AGREEMENT. Purchaser shall have executed and delivered to Issuer and Tuchman the Investment Agreement dated as of the Closing Date substantially in the form attached hereto as EXHIBIT B (the "Investment Agreement").

(i) BUSINESS PLAN. Issuer and Purchaser shall have agreed upon a business plan and financial projections for Sellers, in substantially the form attached hereto as EXHIBIT C (the "Business Plan").

Section 2.2. CONDITIONS TO PURCHASER'S OBLIGATION. Purchaser's obligation to consummate the Closing is subject to the fulfillment or waiver of all of the conditions set forth below on or prior to the Closing Date. Upon the non-fulfillment of any of such conditions, Purchaser's obligation to consummate the Closing may be terminated, at Purchaser's sole discretion, pursuant to and with the effect set forth in Article VII hereof.

(a) FORMATION OF ISSUER/EXECUTION OF AGREEMENT. (i) A Certificate of Incorporation in the form attached hereto as EXHIBIT D ("Issuer's Certificate of Incorporation") shall have been filed with the Secretary of State of Delaware; (ii) Issuer's board of directors shall have adopted corporate by-laws in the form attached hereto as EXHIBIT E ("Issuer's By-laws"); (iii) all such other acts which are necessary for the effective incorporation of Issuer under the Delaware General Corporation Law shall have been completed; and (iv) Issuer shall have executed and delivered to Purchaser a counterpart to this Agreement.

(b) CONTRIBUTION OF OPERATING COMPANIES STOCK TO ISSUER. All of the Operating Companies Stock shall be contributed by Tuchman to Issuer, and the entire right, title and interest in and to all of the Operating Companies Stock shall have been assigned by Tuchman to Issuer free and clear of all Claims, in exchange for Issuer Common Stock, such that immediately after such contribution, assignment and exchange, and immediately prior to the sale of Preferred

Stock to Purchaser as contemplated under this Agreement, Tuchman shall be the sole record and beneficial owner of 8,140,000 shares of Issuer Common Stock, constituting 100% of the issued and outstanding Issuer Common Stock.

(c) SELLERS' REPRESENTATIONS AND WARRANTIES. Each and every representation and warranty made by Sellers shall have been true and correct when made and shall be true and correct as if originally made on and as of the Closing Date.

(d) SELLERS' OBLIGATIONS. Sellers shall have performed or complied with all covenants and conditions required to be performed or complied with by them at or prior to the Closing Date.

(e) NO ACTIONS RESTRAINING. No suit, proceeding or investigation shall have been commenced or threatened by any governmental authority or Person on any grounds to restrain or enjoin, or to seek damages on account of, the consummation of the transactions contemplated under this Agreement.

(f) COMPLIANCE WITH APPLICABLE LAWS. The purchase of the Preferred Stock by Purchaser under this Agreement shall not be prohibited, restricted or enjoined by any applicable law, statute, governmental rule, regulation, guideline, injunction or restraining order in effect (or pending or proposed), and shall be permitted by laws, statutes, governmental rules, regulations and guidelines in effect (or pending or proposed) of the jurisdictions to which Purchaser is subject.

(g) GOVERNMENTAL AND THIRD PARTY CONSENTS. Sellers shall have obtained all necessary governmental approvals and filings and those third party consents identified on SCHEDULE 3.9(d) hereto required in connection with the consummation of the transactions contemplated under this Agreement and pursuant to the other Transaction Documents (including, without limitation, all blue sky law filings), and all such governmental and third party consents, approvals and filings shall be in form and substance reasonably satisfactory to Purchaser.

(h) OPINION OF SELLERS' COUNSEL. Sellers shall have delivered to Purchaser the written opinion of Ahn and Lee, counsel to Sellers, dated as of the Closing Date in substantially the form attached hereto as EXHIBIT F.

(i) OFFICER'S CERTIFICATE. Issuer shall have delivered to Purchaser an Officer's Certificate signed and given by Issuer's chief executive and chief financial officers certifying that, to the best of their knowledge after due inquiry, each of the Interim Financial Statements (as hereinafter defined) and the Latest Balance Sheet (as hereinafter defined) (i) is accurate and complete in all material respects, (ii) is consistent with the books and records of the Operating Companies, (iii) has been prepared in accordance with GAAP consistently applied, subject to normal year-end audit adjustments (none of which, alone or in the aggregate, would be materially adverse to the financial condition, operating results, assets, operations or business prospects of any of Sellers), (iv) presents fairly the financial condition of Sellers as of the dates thereof, and (v) presents fairly the results of operations and cash flow of Sellers for the periods covered by such statements.

(j) INVESTMENT AGREEMENT. Tuchman and Issuer shall have executed and delivered to Purchaser the Investment Agreement.

(k) EMPLOYMENT AGREEMENTS. Each of Tuchman, Joseph Livingston, Sonja Kurzepa, David Walsh and Karen Rickman shall have entered into the Employment Agreements with Issuer, substantially in the forms attached hereto as EXHIBIT G with such changes as the parties may agree upon prior to Closing.

(l) ISSUER STOCK OPTION PLAN. Issuer's board of directors shall have adopted an Issuer Employee Stock Option Plan for key employees ("Issuer Stock Option Plan"), in substantially the form attached hereto as EXHIBIT H, providing for the reservation for issuance under the Issuer Stock Option Plan of 1,000,000 shares of Common Stock, which shares shall represent ten percent (10%) of Fully Diluted Issuer Common Stock.

(m) BUSINESS PLAN. Sellers and Purchaser shall have agreed upon the Business Plan.

(n) KEY-MAN LIFE AND DISABILITY INSURANCE. Issuer shall have obtained the Insurance Policies.

(o) OTHER AGREEMENTS. All other documents and agreements arising out of, in connection with, or otherwise relating to this Agreement and the other Transaction Documents shall be in form and substance reasonably satisfactory to Purchaser, and shall be in full force and effect and shall be binding upon and enforceable against the parties thereto, except to the extent that enforcement thereof is affected by laws pertaining to bankruptcy, reorganization, insolvency, creditors rights and similar laws of general application relating to and affecting enforcement by creditors and by the availability of injunctive relief or specific performance and other equitable remedies, as of the Closing without further modification or amendment.

(p) 1994 CONSOLIDATED REVENUE. (i) Sellers' consolidated revenue calculated in accordance with GAAP, consistently applied for the twelve (12) months ending December 31, 1994 shall be, or have been, at least \$33,750,000; (ii) Sellers shall have delivered to Purchaser an Officer's Certificate signed and given by Issuer's chief executive and financial officers, certifying (A) that the amount of Sellers' consolidated revenue for the twelve (12) months ending December 31, 1994 equals or exceeds \$33,750,000 and (B) the amount of Sellers' estimated consolidated net income for fiscal year 1994 through the date of the certification, each calculated in accordance with GAAP consistently applied and usual and ordinary accounting practices; (iii) Sellers' independent certified public accountants shall have performed the procedures set forth in EXHIBIT I hereto, if requested by Purchaser in its sole discretion, and, in such event, such independent certified public accountants shall have delivered to Purchaser a report (the "Agreed Upon Procedures Report") relating to the performance and results of such procedures; (iv) Tuchman, Sellers' principal operating and financial officer and other officers and employees and Sellers' independent certified public accountants shall have been available to, and provided Purchaser with all information reasonably requested by, Purchaser, and shall have otherwise cooperated with Purchaser, in order for Purchaser to obtain a complete understanding of the bases of the Officer's Certificate and the Agreed Upon Procedures Report to be provided under this Section 2.3(p); and (iv) Purchaser shall have been satisfied in its reasonable discretion (A)

that Sellers' consolidated revenue for the twelve (12) months ending December 31, 1994 is or was in fact equal to or in excess of \$33,750,000, and (B) with Sellers' estimated consolidated net income on the date of the certification referred to in this Section 2.3(p). For purposes of this Section 2.3(p), the terms "revenue" and "net income" shall not include any extraordinary or non-operating items, and specifically shall not include any revenue or net income resulting from the TCI Claim.

(q) CLOSING DOCUMENTS. Sellers shall have delivered to Purchaser all of the following documents:

(i) an Officer's Certificate of Sellers dated as of the Closing, stating that the conditions specified in Sections 2.2(a) through 2.2(i), inclusive, and Sections 2.2(l) through 2.2(n), inclusive, and Section 2.2(p) have been fully satisfied;

(ii) certified copies of the resolutions duly adopted by the respective boards of directors of each of Sellers authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of all other transactions contemplated hereby and thereby, including, without limitation, with respect to Issuer, the issuance and sale of the Preferred Stock contemplated by this Agreement;

(iii) certified copies of Issuer's Certificate of Incorporation and Issuer's By-laws, each as in effect at the Closing, and in the forms attached hereto as EXHIBIT E and EXHIBIT F, respectively;

(iv) certificates of insurance for the Insurance Policies; and

(v) such other documents relating to the transactions contemplated by this Agreement or the other Transaction Documents as Purchaser or its counsel may reasonably request.

Section 2.3 CONDITION TO ESSANESS'S OBLIGATION. In addition to the conditions set forth in Section 2.2 above, Essaness's obligation to consummate the Closing is subject to Partnership's consummation of the Closing.

ARTICLE III SELLERS' REPRESENTATIONS AND WARRANTIES

Each of Sellers jointly and severally makes the representations and warranties to Purchaser set forth in this Article III. All such representations and warranties and all representations and warranties which are set forth elsewhere in this Agreement and in any exhibit or document delivered by Sellers to Purchaser pursuant to this Agreement or in connection herewith shall survive the Closing (and none shall merge into any closing document), regardless of any investigation or lack of investigation by Purchaser.

Section 3.1. ORGANIZATION; CORPORATE POWER.

(a) OPERATING COMPANIES. Each of TTS and TTC is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is qualified to do business in every jurisdiction in which the failure to so qualify would have a material adverse effect on its financial condition, operating results, assets, operations or business prospects. Each of TTS and TTC has all requisite corporate power and authority and all material licenses, permits and authorizations necessary to own and operate its properties, to carry on its businesses as now conducted and presently proposed to be conducted and to carry out the transactions contemplated by this Agreement. Attached hereto as SCHEDULE 3.1 are accurate and complete copies of TTS's and TTC's charter documents and bylaws, including all amendments made thereto. Neither TTS nor TTC has any Subsidiary.

(b) ISSUER. As of the date Issuer executes this Agreement and as of the Closing: (a) Issuer shall be a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and shall be qualified to do business in every jurisdiction in which the failure to so qualify would have a material adverse effect on its financial condition, operating results, assets, operations or business prospects; (b) Issuer shall have all requisite corporate power and authority and all material licenses, permits and authorizations necessary to own and operate its properties, to carry on its businesses as then conducted and then proposed to be conducted and to carry out the transactions contemplated by this Agreement; and (c) Issuer will not have any Subsidiary, other than TTS and TTC.

Section 3.2. CAPITAL STOCK AND RELATED MATTERS.

(a) OPERATING COMPANIES. As of the Closing and immediately thereafter, the authorized capital stock of TTS shall consist of One Million (1,000,000) shares of common stock, no par value, of which Five Hundred (500) shares shall be issued and outstanding ("TTS Stock"), and the authorized capital stock of TTC shall consist of One Million (1,000,000) shares of common stock, par value not designated, of which Twenty-Five Thousand (25,000) shares shall be issued and outstanding ("TTC Stock"). Immediately prior to the formation of Issuer and the contribution by Tuchman of the Operating Companies Stock to Issuer, Tuchman shall be the sole record and beneficial owner of all of the issued and outstanding shares of TTS Stock and TTC Stock, and, immediately after the formation of Issuer and the contribution by Tuchman of the Operating Companies Stock to Issuer, Issuer shall be the sole record and beneficial owner of all of the issued and outstanding shares of TTS Stock and TTC Stock, in each case free of all Claims (other than restrictions upon transfer imposed by operation of law). As of the date of this Agreement and immediately prior to the Closing, neither TTS nor TTC shall have outstanding any capital stock (other than the TTS Stock and the TTC Stock held by Tuchman immediately prior to the formation of Issuer and by Issuer immediately after its formation) or securities convertible or exchangeable for any shares of its capital stock or containing any profit participation features, nor shall either TTS or TTC have outstanding any rights or options to subscribe for or to purchase its capital stock or any stock or securities convertible into or exchangeable for its capital stock. As of the date of this Agreement and immediately prior to the Closing, neither TTS nor TTC shall be subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock. As of the date of this

Agreement and as of the Closing, all of the outstanding shares of TTS Stock and TTC Stock shall be validly issued, fully paid and nonassessable.

(b) ISSUER. As of the Closing and immediately thereafter:

(i) the authorized capital stock of Issuer shall consist of: (a) 50,000,000 shares of Issuer Common Stock, 8,140,000 shares of which shall be issued and outstanding and the sole record and beneficial owner of which shall be Tuchman, 1,860,000 shares of which shall be reserved for issuance upon conversion of the Preferred Stock, and 1,000,000 shares of which shall be reserved for issuance under the Issuer Stock Option Plan; and (b) 1,860,000 shares of Preferred Stock, all of which shall be issued and outstanding and the sole record and, to the knowledge of Issuer based upon Purchaser's representations and warranties herein, beneficial owner of which shall be Purchaser.

(ii) Issuer shall not have outstanding any capital stock or securities convertible or exchangeable for any shares of its capital stock or containing any profit participation features, nor shall it have outstanding any rights or options to subscribe for or to purchase its capital stock or any stock or securities convertible into or exchangeable for its capital stock, except as expressly stated in this Agreement and the other Transaction Documents.

(iii) Issuer shall not be subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock, except as expressly stated in this Agreement or the other Transaction Documents.

(iv) Upon Issuer's receipt of the Purchase Price and issuance of Preferred Stock to Purchaser, all of the outstanding shares of Issuer's capital stock shall be validly issued, fully paid and nonassessable.

(c) MISCELLANEOUS. There are no statutory or contractual stockholders' preemptive rights or rights of refusal with respect to the issuance of the Preferred Stock or other equity or debt securities of Sellers, except as expressly provided in the Transaction Documents. None of Sellers has violated any applicable federal or state securities laws in connection with the offer, sale or issuance of any of its capital stock, and, subject to, and in reliance upon, the representations and warranties contained in Sections 4.1(c) and 4.2(c) hereof, the offer, sale and issuance of the Preferred Stock under this Agreement does not require registration under the Securities Act or any applicable state securities laws.

Section 3.3. AUTHORIZATION; NO BREACH. The execution, delivery and performance of this Agreement, each of the other Transaction Documents and all other agreements contemplated hereby and thereby to which any of Sellers is a party, have been duly authorized by such party. This Agreement, each of the other Transaction Documents, and all other agreements contemplated hereby and thereby to which any of Sellers is a party each constitutes a valid and binding obligation of such party, enforceable against such party in accordance with its terms, except to the extent that enforcement thereof is affected by laws pertaining to bankruptcy, reorganization, insolvency, creditors rights and similar laws of general application relating to and

affecting enforcement by creditors and by the availability of injunctive relief or specific performance and other equitable remedies. The execution and delivery by Sellers of this Agreement, each of the other Transaction Documents and all other agreements contemplated hereby and thereby to which any of Sellers is a party, the offering, sale and issuance of Preferred Stock under this Agreement and the fulfillment of and compliance with the respective terms hereof and thereof by Sellers, do not and shall not (a) conflict with or result in a breach of the terms, conditions or provisions of, (b) constitute a default under, (c) result in the creation of any lien, security interest, charge or encumbrance upon the capital stock or assets of Sellers pursuant to, (d) give any third party the right to accelerate any obligation under, (e) result in a violation of, or (f) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, the certificate or articles of incorporation or by-laws of the Operating Companies or Issuer's Certificate of Incorporation or Issuer's By-Laws, or any material law, statute, rule or regulation (other than federal and state securities laws, rules and regulations) to which any of Sellers is subject, or any material agreement, instrument, order, judgment or decree to which any of Sellers is subject (other than this Agreement).

Section 3.4. FINANCIAL STATEMENTS.

(a) Attached hereto as SCHEDULE 3.4 are (i) the audited balance sheets of the Operating Companies as of January 31, 1993 and December 31, 1993 and the related statements of income and cash flows (or the equivalent) for the twelve (12) month period ended January 31, 1993 and the eleven (11) month period ended December 31, 1993, together with the unqualified opinion of the Operating Companies' independent certified public accountant (the "Financial Statements") and (ii) the unaudited balance sheets and related statements of income and cash flows of the Operating Companies as of September 30, 1994 and for the nine (9) months ended September 30, 1994 and at the end of, and for, each month since September 30, 1994 (the "Interim Financial Statements"). Except as expressly stated on the Financial Statements or the Interim Financial Statements, each of the Financial Statements and the Interim Financial Statements (including in all cases the notes thereto, if any) is accurate and complete in all material respects, is consistent with the books and records of the Operating Companies (which, in turn, are accurate and complete in all material respects) and has been prepared in accordance with GAAP, consistently applied. Each of the Financial Statements and the Interim Financial Statements present fairly the financial condition of the Operating Companies as of the dates thereof and the Financial Statements present fairly the results of operations and cash flows of the Operating Companies for the periods covered by such statements, in all cases in accordance with GAAP, consistently applied, and the usual and ordinary accounting practices of the Operating Companies and with respect to the Interim Financial Statements, subject to normal year-end audit adjustments (none of which, alone or in the aggregate, would be materially adverse to the financial condition, operating results, assets, operations or business prospects of any of Sellers).

(b) All of the assumptions used in developing the Business Plan and making the financial projections contained therein were made with a reasonable basis and in good faith, and, to the best of their knowledge after due inquiry, Sellers have not relied on any false, inaccurate or incomplete financial statements or other information with respect thereto. All "forward looking statements" (as defined in Rule 175 under the Securities Act) shall be deemed not to be a

"fraudulent statement" (as defined in Rule 175) unless such statements were made or reaffirmed without a reasonable basis or disclosed other than in good faith.

Section 3.5. ABSENCE OF UNDISCLOSED LIABILITIES. Except as set forth on SCHEDULE 3.5 attached hereto, none of Sellers has any obligation or liability (whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to Sellers, whether due or to become due and regardless of when asserted) arising out of transactions entered into at or prior to the Closing, or any action or inaction at or prior to the Closing, or any state of facts existing at or prior to the Closing other than: (a) liabilities set forth on the September 30, 1994 balance sheet for the Operating Companies included in the Interim Financial Statements (including any notes thereto) (the "Latest Balance Sheet"), (b) liabilities and obligations which have arisen after the date of the Latest Balance Sheet in the ordinary course of business (none of which is a liability resulting from breach of contract, breach of warranty, tort, infringement, claim or lawsuit), (c) other liabilities and obligations expressly disclosed in the other Schedules to this Agreement, and (d) any such obligation or liability that individually or in the aggregate would not be materially adverse to the financial condition, operating results, assets, operations or business prospects of any of Sellers.

Section 3.6. ILLEGAL PAYMENTS. None of Sellers has at any time made any payments for political contributions in violation of applicable laws or made any bribes, kickback payments or other payments in violation of applicable laws, and no officer, director, or to Sellers' knowledge, after due inquiry, employee or agent of Sellers, has been or is authorized to make or receive, and none of Sellers know of any such person making or receiving, any bribe, kickback or other payment in violation of applicable laws.

Section 3.7. NO MATERIAL ADVERSE CHANGE/ABSENCE OF CERTAIN DEVELOPMENTS. Since the date of the Latest Balance Sheet, there has been no material adverse change in the financial condition, operating results, assets, operations, business, prospects, employee relations or customer or supplier relations of Sellers. Except as expressly contemplated by the Transaction Documents or as set forth on SCHEDULE 3.7 attached hereto, since the date of Latest Balance Sheet, none of Sellers (individually or in the aggregate) has:

(a) issued any notes, bonds or other debt securities or any equity securities or any securities convertible, exchangeable or exercisable into any equity securities;

(b) borrowed any amount or incurred or become subject to any liabilities in excess of \$250,000 in the aggregate, except current liabilities incurred in the ordinary course of business and liabilities under contracts entered into in the ordinary course of business;

(c) declared or made any payment or distribution of cash or other property to its stockholders with respect to its stock or purchased or redeemed any shares of its stock or any options or other rights to acquire its stock;

(d) mortgaged or pledged any of its properties or assets or subjected them to any lien, security interest, charge or other encumbrance in excess of \$250,000 in the aggregate, except liens for current property taxes not yet due and payable;

(e) sold, assigned or transferred any of its tangible assets, except in the ordinary course of business, or canceled any debts or claims except in the ordinary course of business;

(f) sold, assigned or transferred any Proprietary Rights, or disclosed any proprietary confidential information to any Person except in the ordinary course of business;

(h) suffered any extraordinary losses or waived any rights, whether or not in the ordinary course of business or consistent with past practice;

(i) made capital expenditures or commitments therefor other than in accordance with the Business Plan;

(j) entered into any other transaction other than in the ordinary course of business;

(k) made any loans or advances to, guaranties for the benefit of, or any Investments in, any Persons in excess of \$150,000 in the aggregate;

(l) made any charitable contributions or pledges;

(m) suffered any damage, destruction or casualty loss exceeding in the aggregate \$250,000, whether or not covered by insurance;

(n) made any Investment in or taken steps to incorporate any Subsidiary;

(o) hired any salaried employees having annual compensation exceeding \$100,000; or

(p) altered the amount of base salary or bonuses payable to any salaried employees, except customary annual increases or annual bonuses consistent with past practices.

Section 3.8. ASSETS. Except as set forth on SCHEDULE 3.8 hereto, the Operating Companies have good and marketable title to, or a valid leasehold interest in, their respective properties and assets used by them or located on their premises, free and clear of all Claims, except for (a) liens for current property taxes not yet due and payable and (b) minor imperfections in title that alone or in the aggregate would not be materially adverse to the financial condition, operating results, assets, operations or business prospects of any of Sellers. Issuer owns no assets other than the Operating Companies Stock, has no leasehold interest in any assets, and does not conduct any operations. The Operating Companies' buildings, equipment and other tangible assets are in good operating condition (ordinary wear and tear excepted) and are fit for use in the ordinary course of business. The Operating Companies own, or have a valid leasehold interest in, all assets necessary for the conduct of their respective businesses as presently conducted and as presently proposed to be conducted.

Section 3.9. CONTRACTS AND COMMITMENTS.

(a) Except as expressly contemplated by this Agreement or as set forth on SCHEDULE 3.9(a) attached hereto, none of Sellers is a party to any written or oral:

(i) pension, profit sharing, stock option, employee stock purchase or other plan or arrangement providing for deferred or other compensation to employees or any other employee benefit plan or arrangement, or any contract with any labor union;

(ii) contract for the employment or engagement of any officer, individual employee, independent contractor or other Person on a full-time, part-time, consulting or other basis providing annual compensation (including, without limitation, salary, bonus and commissions) in excess of \$150,000 or contract relating to loans to, or severance agreements with, officers, directors, employees or Affiliates;

(iii) contract under which any of Sellers has advanced or loaned any other Person amounts in the aggregate exceeding \$50,000;

(iv) agreement or indenture relating to the borrowing of money or the mortgaging, pledging or otherwise placing a lien on any asset or group of assets of Sellers ("Debt Instruments") in excess of \$50,000 in the aggregate;

(v) guaranty of any obligation in excess of \$50,000 in the aggregate;

(vi) lease or agreement under which any of Sellers is lessee of or holds or operates any property, real or personal, owned by any other party, except for any lease of real or personal property under which the aggregate annual rental payments do not exceed \$25,000;

(vii) lease or agreement under which any of Sellers is lessor of or permits any third party to hold or operate any property, real or personal, owned or controlled by Sellers;

(viii) contract or group of related contracts with Sellers or any Affiliate of Tuchman or any group of Affiliates of Tuchman, the performance of which involves a consideration in excess of \$50,000;

(ix) assignment, license, indemnification or agreement with respect to any Proprietary Rights;

(x) warranty agreement with respect to its services rendered or its products sold or leased, other than created by operation of law;

(xi) agreement under which it has granted any Person any registration rights (including "piggyback" rights);

(xii) contract or agreement prohibiting it from freely engaging in any business or competing anywhere in the world;

(xiii) contract or agreement with any customer of the Operating Companies involving sales in excess of \$100,000 annually;

(xiv) joint venture agreement;

(xv) agreement for research and development;

(xvi) any other agreement which is material to its operations and business prospects or involves a consideration in excess of \$100,000 annually, other than any material agreement described in subparagraphs (i) through (xv), inclusive, above.

(b) Except as set forth on SCHEDULE 3.9(b), all of the contracts, agreements and instruments set forth on SCHEDULE 3.9(a) are valid, binding and enforceable obligations of each Seller which is a party thereto in accordance with their respective terms, except to the extent that enforcement thereof is affected by laws pertaining to bankruptcy, reorganization, insolvency, creditors rights and by the availability of injunctive relief or specific performance and other equitable remedies. Each of Sellers has performed all material obligations required to be performed by it and is not in material default under or in material breach of, nor in receipt of any claim of default or breach under, any contract, agreement or instrument to which such party is subject; to the best of Sellers' knowledge, after due inquiry, no event has occurred which with the passage of time or the giving of notice or both would result in a material default, breach or event of noncompliance under any contract, agreement or instrument to which any of Sellers is subject; none of Sellers has any present expectation or intention of not fully performing all such obligations; none of Sellers has any knowledge of any breach or anticipated breach by the other parties to any contract or commitment to which any of the Sellers is a party; and none of Sellers is a party to any adverse contract or commitment which individually or in the aggregate would have a material adverse effect on the financial condition, operating results, assets, operations or business prospects of any of Sellers.

(c) Purchaser has been provided access to each of the written contracts and an accurate description of the oral contracts which are referred to on SCHEDULE 3.9(a), together with all material amendments, waivers or other changes thereto.

(d) SCHEDULE 3.9(d) sets forth and identifies all third party consents required in connection with the consummation of the transactions contemplated under this Agreement and pursuant to the other Transaction Documents, except where the failure to obtain a consent or consents, either alone or in the aggregate, would not have a material adverse effect on the consummation of the transactions contemplated under this Agreement or, after such consummation, upon Sellers or their operations or business relationships.

Section 3.10. PROPRIETARY RIGHTS. SCHEDULE 3.10 attached hereto contains a complete and accurate list of (a) all patented and registered Proprietary Rights owned by Sellers, (b) all pending patent applications and applications for registrations of other Proprietary Rights filed by Sellers, (c) all unregistered trade names and corporate names owned or used by Sellers and (d) all

unregistered trademarks, service marks and copyrights owned by Sellers and all computer software owned or used by Sellers. SCHEDULE 3.10 also contains a complete and accurate list of all material licenses and other rights granted by Sellers to any third party with respect to any Proprietary Rights and all material licenses and other rights granted by any third party to Sellers with respect to any Proprietary Rights. Sellers own or have the right to use pursuant to a valid license all Proprietary Rights necessary for the operation of the businesses of Sellers as presently conducted and as presently proposed to be conducted. Except as set forth on SCHEDULE 3.10, the loss or expiration of any Proprietary Right or related group of Proprietary Rights would not have a material adverse effect on the conduct of Sellers' respective businesses, and no such loss or expiration is pending, or, to the best of Sellers' knowledge after due inquiry, threatened. Sellers have taken all necessary actions to maintain and protect the Proprietary Rights which they own and use. To the best of Sellers' knowledge after due inquiry, the owners of any Proprietary Rights licensed to Sellers have taken all necessary actions to maintain and protect the Proprietary Rights which are subject to such licenses. Except as indicated on SCHEDULE 3.10, (i) Sellers own all right, title, and interest in and to all of the Proprietary Rights listed on such schedule and all other Proprietary Rights used in the operation of the businesses of Seller, (ii) there have been no claims made against Sellers asserting the invalidity, misuse or unenforceability of any of such rights, and, to the best of Sellers' knowledge after due inquiry, there are no grounds for the same, (iii) none of Sellers has received a notice of conflict with the asserted rights of others within the last five (5) years, and (iv) to the best of Sellers' knowledge after due inquiry, the conduct of Sellers' businesses has not infringed or misappropriated and does not infringe or misappropriate any Proprietary Rights of other Persons, nor would any future conduct as presently contemplated infringe any Proprietary Rights of other Persons and, to the best of Sellers' knowledge after due inquiry, the Proprietary Rights owned by Sellers have not been infringed or misappropriated by other Persons.

Section 3.11. TAX MATTERS.

(a) Except as set forth in SCHEDULE 3.11 hereto:

(i) all federal, state, foreign and local tax returns and tax reports (including information returns) required to be filed by Sellers have been filed (or extensions thereof have been timely and properly filed) with the appropriate governmental entity in all jurisdictions in which such returns and reports are required to be filed, and all such returns and reports are true, complete, accurate and in accordance with all legal requirements applicable thereto;

(ii) all federal, state, foreign and local income, profits, franchise, sales, use, occupation, property, severance, production, excise, withholding and other taxes, duties, charges and assessments (including interest and penalties) due from Sellers, including, without limitation, all amounts due and payable to state taxing authorities (A) have been paid or adequately provided for on the books and financial statements of Sellers in accordance with GAAP or (B) are disclosed on SCHEDULE 3.11 and are being contested in good faith by appropriate proceedings;

(iii) none of Sellers has received any written notice from the Internal Revenue Service or any other taxing authority in connection with any of the returns and

reports referred to in Section 3.11(a)(i) hereof of any pending or threatened examination or audit;

(iv) no waivers of statutes of limitation have been given or requested with respect to Sellers;

(v) the federal and state tax returns of the Operating Companies have been examined (or are no longer subject to examination) by the appropriate governmental agency for all periods prior to and including the dates set forth on SCHEDULE 3.11 for each category of tax return;

(vi) deficiencies asserted or assessments made as a result of examination by any taxing authorities have been paid or accurately reflected on the books of Sellers in accordance with GAAP; and

(vii) none of Sellers has made an election under Section 341(f) of the Code.

(b) None of Sellers is subject to any penalty by reason of violation of any order, rule or regulation of, or a default with respect to any return or report (other than a tax return or report set forth on SCHEDULE 3.11) required to be filed with, any governmental entity, department, commission, board, bureau or instrumentality to which it is subject.

Section 3.12. LITIGATION, ETC. Except as set forth on SCHEDULE 3.12, there are no actions, suits, proceedings, orders, investigations or claims pending or, to the best of Sellers' knowledge after due inquiry, threatened against or adversely affecting any of Sellers at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality; none of Sellers is subject to any arbitration proceedings, including, without limitation, under any collective bargaining agreements, or, to the best of Sellers' knowledge after due inquiry, any governmental investigations or inquiries (including inquiries as to the qualification to hold or receive any material license or permit); and, to the best of Sellers' knowledge after due inquiry, there is no basis for any of the foregoing. Except as set forth on SCHEDULE 3.12, none of Sellers has received any opinion or memorandum or legal advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability which may be material to its business.

Section 3.13. BROKERAGE. Except as set forth on SCHEDULE 3.13, there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon Sellers.

Section 3.14. GOVERNMENTAL CONSENT. No permit, consent, approval or authorization of, or declaration to or filing with, any governmental authority which has not been obtained is required in connection with the execution, delivery and performance by Sellers of this Agreement or the other agreements contemplated hereby, or the consummation by Sellers of any other transactions contemplated hereby or thereby, except as expressly contemplated herein.

Section 3.15. EMPLOYEES/EMPLOYMENT LAWS.

(a) To the best of Sellers' knowledge, after due inquiry, no executive or key employee of Sellers or any group of employees of Sellers has any plans to terminate employment with Sellers. Sellers have complied, in all material respects, with all laws relating to the employment of labor, including provisions thereof relating to wages, hours, equal employment opportunity, collective bargaining and the payment of social security and other taxes, and none of Sellers knows of any labor relations problems (including any union organization activities, threatened or actual strikes or work stoppages or material grievances of Sellers).

(b) Except as disclosed in SCHEDULE 3.15 hereto, none of Sellers or, to the best of Sellers' knowledge, after due inquiry, any of their employees is subject to any noncompete, nondisclosure, confidentiality, employment, consulting or similar agreements relating to, affecting or in conflict with the present or proposed business activities of Sellers.

(c) Except as disclosed in SCHEDULE 3.15 hereto, Sellers are in compliance, in all material respects, with all federal, state or other applicable laws, domestic or foreign, respecting employment and employment practices, terms and conditions of employment, wages and hours, affirmative action and occupational safety, and have not and are not engaged in any unfair labor practice.

(d) No unfair labor practice complaint against Sellers is pending before the National Labor Relations Board.

(e) There is no labor strike, dispute, slowdown or stoppage actually pending or, to the best of Sellers' knowledge, after due inquiry, threatened against or materially affecting Sellers.

(f) Except as disclosed in SCHEDULE 3.15 hereto, (i) there are no claims, grievances or arbitration proceedings, workers' compensation proceedings, labor disputes (including charges of violations of any federal, state or local laws or regulations relating to current or former employees (including retirees) or current or former applicants for employment), litigation, governmental investigations, or administrative proceedings of any kind pending; (ii) to the best of Sellers' knowledge, after due inquiry, none of the foregoing are or have been threatened against or relating to Sellers, their respective employees or employment practices, or operations as they pertain to conditions of employment, which might individually or in the aggregate materially and adversely affect Sellers, their respective employees, financial condition, operating results, assets, operations or business prospects of any of Sellers; nor (iii) has there come to Sellers' attention any such matter pending or threatened against any other Person which might materially and adversely affect Sellers or their respective employees, financial condition, operating results, assets, operations or business prospects of any of Sellers; nor are Sellers subject to any known order, judgment, decree, award, or administrative ruling arising from any such matter.

(g) No collective bargaining agreement is currently in existence or is being negotiated by Sellers and as of the date of this Agreement no labor organization has been certified or recognized as the representative of any employees of Sellers.

(h) Except as disclosed in SCHEDULE 3.15 hereto, no present or former employee of Sellers has any claim against Sellers (whether under federal or state law, any employment agreement or otherwise) on account of or for (i) overtime pay, (ii) wages or salary; (iii) vacation time off or pay in lieu of vacation time off; or (iv) any violation of any statute, ordinance or regulation relating to minimum wages or maximum hours of work, except, in the case of subsections (i), (ii) and (iii), with respect to current payroll periods or payments or accruals to be made in the ordinary course of the operation of the business of Sellers. No person or party (including, but not limited to, governmental agencies of any kind) has filed, or to the best of Sellers' knowledge, after due inquiry, has threatened to file, any claim against Sellers under or arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices.

Section 3.16. ERISA.

(a) NO MULTIEMPLOYER PLANS. None of Sellers has any obligation to contribute to (or any other liability, including current or potential withdrawal liability, with respect to) any "multiemployer plan" (as defined in Section 3(37) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")).

(b) NO RETIREE WELFARE PLANS. Except as set forth in SCHEDULE 3.16, none of Sellers maintains or has any obligation to contribute to (or any other liability with respect to) any plan or arrangement whether or not terminated, which provides medical, health, life insurance or other welfare-type benefits for current or future terminated or retired employees (except for limited continued medical benefit coverage required to be provided under the Consolidated Omnibus Budget Reconciliation Act, as amended).

(c) DEFINED BENEFIT PLANS. None of Sellers maintains, contributes to or has any liability under (or with respect to) any employee plan which is a tax-qualified "defined benefit plan" (as defined in Section 3(35) of ERISA), whether or not terminated.

(d) DEFINED CONTRIBUTION PLANS. None of Sellers maintains, contributes to or has any liability under (or with respect to) any employee plan which is a tax-qualified "defined contribution plan" (as defined in Section 3(34) of ERISA), whether or not terminated.

(e) OTHER PLANS. Except as set forth in the SCHEDULE 3.16, none of Sellers maintains, contributes to or has any liability under (or with respect to) any plan or arrangement providing benefits to current or former employees, including any bonus plan, plan for deferred compensation, employee welfare benefit plan or other arrangement, whether or not terminated. Such plans and other arrangements are referred to as the "Plans."

(f) ACCRUALS AND FUNDED STATUS. With respect to the Plans, all required or recommended (in accordance with historical practices) payments, premiums, contributions, reimbursements or accruals for all periods ending prior to or as of the Closing shall have been made or properly accrued on the Latest Balance Sheet in accordance with GAAP. None of the Plans has any unfunded liabilities which are not reflected on the Latest Balance Sheet.

(g) COMPLIANCE. The Plans and all related trusts, insurance contracts and funds have been maintained, funded and administered in compliance, in all material respects, with the applicable provisions of ERISA, the Code and other applicable laws. None of Sellers, or any trustee or administrator of any Plan, has engaged in any transaction with respect to the Plans which would subject Sellers or any trustee or administrator or the Plans, or any party dealing with any such Plan, nor do the transactions contemplated by this Agreement or the other Transaction Documents constitute transactions which would subject any such party, to either a civil penalty assessed pursuant to part 502(i) of ERISA or the tax or penalty on prohibited transactions imposed by Section 4975 of the Code. No actions, suits or claims with respect to the assets of the Plans (other than routine claims for benefits) are pending or to the best of Sellers' knowledge, after due inquiry, threatened which could result in or subject Sellers to any material liability and there are no circumstances which would give rise to or be expected to give rise to any such actions, suits or claims.

(h) SELLERS. For purposes of Sections 3.15 and 3.16, the term "Sellers" shall include all organizations under common control with any of Sellers pursuant to Section 414(b) or (c) of the Code.

(i) ISSUER STOCK OPTION PLAN. As of the Closing, Issuer's board of directors shall have duly adopted the Issuer Stock Option Plan and shall have reserved for issuance thereunder 1,000,000 shares of Issuer Common Stock.

Section 3.17. COMPLIANCE WITH LAWS: PERMITS: CERTAIN OPERATIONS.

(a) Except as set forth on SCHEDULE 3.17 hereto:

(i) Sellers, and their officers, directors, stockholders, agents and employees, have materially complied, and are in compliance, in all material respects, with all applicable laws, ordinances, rules, requirements and regulations of foreign, federal, state and local governments and all agencies thereof to which Sellers may be subject, and no notices have been received by, and no claims have been filed against any of Sellers alleging a violation of any such laws, ordinances, rules, requirements or regulations.

(ii) Sellers hold all of the permits, licenses, certificates, accreditations or other authorizations of foreign, federal, state and local governmental agencies required for the conduct of the businesses of Sellers.

(iii) Each of Sellers is in compliance, in all material respects, with all terms and conditions of any and all required permits, licenses and authorizations, and is also in compliance, in all material respects, with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any foreign, federal, state or local law or any regulation, code, plan, order, decree or judgment relating to its business, or any demand letter issued, entered, promulgated or approved thereunder.

(b) None of Sellers or any of their respective operations, assets or properties is subject to regulation under the Interstate Commerce Act, as amended (nor do any of Sellers own

or operate any common or contract carrier within the meaning of such Act that is subject to the jurisdiction of the Interstate Commerce Commission).

(c) Without limiting the generality of the foregoing, except as set forth on SCHEDULE 3.17:

(i) Sellers, and their officers, directors, agents and employees have obtained all material permits, licenses and other authorizations which are required under federal, state and local laws and regulations relating to public health and safety, worker health and safety, and pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, use, treatment, storage, transport or handling of pollutants, contaminants or hazardous or toxic materials or wastes (collectively "Environmental and Safety Requirements").

(ii) Sellers are in compliance, in all material respects, with all terms and conditions of any and all required permits, licenses, and authorizations, and are also in compliance, in all material respects, with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any Environmental and Safety Requirements or any notice or demand letter issued, entered, promulgated or approved thereunder.

(iii) No facts, events or conditions with respect to the present, or, to the best of Sellers' knowledge, with respect to the past, operations or facilities of Sellers interfere with, or prevent continued compliance with or could give rise to any common law or statutory liability under any Environmental and Safety Requirements, including, without limitation, liability for cleanup costs or liability for personal injury or property damage.

Section 3.18. AFFILIATED TRANSACTIONS. Except as set forth on the SCHEDULE 3.18, no officer, director or shareholder of Sellers or any member of the immediate family of any of the foregoing individuals or any Affiliate of Sellers, is a party to any agreement, contract, commitment or transaction with Sellers or has any interest in any property used by Sellers, except pursuant to this Agreement, and except as expressly set forth in the other Transaction Documents.

Section 3.19. CUSTOMERS AND SUPPLIERS. Except as set forth on the SCHEDULE 3.19, since December 31, 1992, no customer of Sellers with annual revenues greater than \$50,000 has, or has indicated that it shall, stop, or materially decrease the rate of, buying services from Sellers, and no material supplier of Sellers has or has given notice that it shall stop, or materially decrease the rate of, supplying materials, products or services to Sellers.

Section 3.20. DISCLOSURE. Neither this Agreement nor any of the schedules, attachments, written statements, documents, certificates or other items supplied to Purchaser by or on behalf of Sellers with respect to the transactions contemplated hereby contains any untrue statement of a material fact or omits a material fact necessary to make each statement contained herein or

therein not misleading. To the best of Sellers' knowledge after due inquiry, there is no material fact which Sellers have not disclosed to Purchaser in writing and of which any of its officers, directors or executive employees is aware and which has had or would reasonably be anticipated to have a material adverse effect upon the existing or expected financial condition, operating results, assets, customer or supplier relations, employee relations or business prospects of Sellers

ARTICLE IV
PURCHASER'S REPRESENTATIONS AND WARRANTIES

Section 4.1. PARTNERSHIP'S REPRESENTATIONS AND WARRANTIES. Partnership makes the representations and warranties to Sellers set forth in this Section 4.1. All such representations and warranties and all representations and warranties which are set forth elsewhere in this Agreement and in any exhibit or document delivered by Partnership to Sellers pursuant to this Agreement or in connection herewith shall survive the Closing (and none shall merge into any closing document), regardless of any investigation or lack of investigation by Sellers.

(a) ORGANIZATION; POWER. Partnership is a general partnership, validly existing and in good standing under the laws of the jurisdiction of its organization. Partnership has all requisite power and authority to carry out the transactions contemplated by this Agreement. The managing general partner of Partnership is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all requisite corporate power and authority to cause Partnership to carry out the transactions contemplated by this Agreement.

(b) AUTHORIZATION; NO BREACH. The execution, delivery and performance of this Agreement, each of the other Transaction Documents and all other agreements contemplated hereby and thereby to which Partnership is a party, have been duly authorized by Partnership. This Agreement, each of the other Transaction Documents, and all other agreements contemplated hereby and thereby to which Partnership is a party each constitutes a valid and binding obligation of Partnership, enforceable against Partnership in accordance with its terms, except to the extent that enforcement thereof is affected by laws pertaining to bankruptcy, reorganization, insolvency, creditors rights and similar laws of general application relating to and affecting enforcement by creditors and by the availability of injunctive relief or specific performance and other equitable remedies. The execution and delivery by Partnership of this Agreement, each of the other Transaction Documents and all other agreements contemplated hereby and thereby to which Partnership is a party, the purchase of the Preferred Stock under this Agreement and the fulfillment of and compliance with the respective terms hereof and thereof by Partnership, do not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under, (iii) give any third party the right to accelerate any obligation under, (iv) result in a violation of, or (v) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, Partnership's partnership agreement, or any material law, statute, rule or regulation (other than federal and state securities laws, rules and regulations) to which Partnership is subject, or any material agreement, instrument, order, judgment or decree to which Partnership is subject (other than this Agreement).

(c) PARTNERSHIP'S INVESTMENT REPRESENTATIONS.

Partnership hereby represents that it is acquiring the Preferred Stock under this Agreement for its own account with the present intention of holding such securities for purposes of investment, and that it has no present intention of selling such securities in a public distribution in violation of the federal securities laws or any applicable state securities laws; provided that nothing contained in this Agreement (and other than as restricted by the Investment Agreement) shall prevent Partnership and subsequent holders of such securities from transferring such securities in compliance with federal securities laws and any applicable state securities laws. Notwithstanding the foregoing, Partnership may issue and sell partnership interests to any Person without the consent of, or notice being given to, Sellers; provided, however, that all such actions shall comply with all applicable federal and state securities laws, including, without limitation, Issuer's exemption from registration in connection with the issuance of the Preferred Stock to Partnership under this Agreement.

(d) FINANCIAL RESOURCES AND ABILITY. As of

the Closing, Partnership shall have adequate financial resources and the financial ability to satisfy its obligations with respect to the transactions contemplated by this Agreement.

Section 4.2. ESSANESS'S REPRESENTATIONS AND WARRANTIES. Essaness makes the representations and warranties to Sellers set forth in this Section 4.2. All such representations and warranties and all representations and warranties which are set forth elsewhere in this Agreement and in any exhibit or document delivered by Essaness to Sellers pursuant to this Agreement or in connection herewith shall survive the Closing (and none shall merge into any closing document), regardless of any investigation or lack of investigation by Sellers.

(a) ORGANIZATION; POWER. Essaness is a

corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and all of its outstanding capital stock is held by no more than nine (9) stockholders. Essaness has all requisite corporate power and authority to carry out the transactions contemplated by this Agreement.

(b) AUTHORIZATION; NO BREACH. The execution,

delivery and performance of this Agreement, each of the other Transaction Documents and all other agreements contemplated hereby and thereby to which Essaness is a party, have been duly authorized by Essaness. This Agreement, each of the other Transaction Documents, and all other agreements contemplated hereby and thereby to which Essaness is a party each constitutes a valid and binding obligation of Essaness, enforceable against Essaness in accordance with its terms, except to the extent that enforcement thereof is affected by laws pertaining to bankruptcy, reorganization, insolvency, creditors rights and similar laws of general application relating to and affecting enforcement by creditors and by the availability of injunctive relief or specific performance and other equitable remedies. The execution and delivery by Essaness of this Agreement, each of the other Transaction Documents and all other agreements contemplated hereby and thereby to which Essaness is a party, the purchase of the Preferred Stock under this Agreement and the fulfillment of and compliance with the respective terms hereof and thereof by Essaness, do not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under, (iii) give any third party the right to accelerate any obligation

under, (iv) result in a violation of, or (v) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, Essaness's Articles of Incorporation, by-laws or other organizational documents, or any material law, statute, rule or regulation (other than federal and state securities laws, rules and regulations) to which Essaness is subject, or any material agreement, instrument, order, judgment or decree to which Essaness is subject (other than this Agreement).

(c) ESSANESS'S INVESTMENT REPRESENTATIONS.

Essaness hereby represents that it is acquiring the Preferred Stock under this Agreement for its own account with the present intention of holding such securities for purposes of investment, and that it has no present intention of selling such securities in a public distribution in violation of the federal securities laws or any applicable state securities laws; provided that nothing contained in this Agreement (and other than as restricted by the Investment Agreement) shall prevent Essaness and subsequent holders of such securities from transferring such securities in compliance with federal securities laws and any applicable state securities laws. Notwithstanding the foregoing, Essaness may issue and sell capital stock to any Person without the consent of, or notice being given to, Sellers; provided, however, that all such actions shall comply with all applicable federal and state securities laws, including, without limitation, Issuer's exemption from registration in connection with the issuance of the Preferred Stock to Essaness under this Agreement.

(d) FINANCIAL RESOURCES AND ABILITY. As of the Closing, Essaness shall have adequate financial resources and the financial ability to satisfy its obligations with respect to the transactions contemplated by this Agreement.

ARTICLE V
SELLERS' COVENANTS

Section 5.1. FINANCIAL STATEMENTS AND OTHER INFORMATION. So long as Purchaser owns any Preferred Stock, Sellers shall deliver to Purchaser:

(a) as soon as available but in any event within 45 days after the end of each monthly accounting period (whether consisting of four (4) or five (5) weeks) in each fiscal year, (i) unaudited consolidating and consolidated statements of income and cash flows of Sellers for such monthly period and for the period from the beginning of the fiscal year to the end of such month, and consolidating and consolidated balance sheets of Sellers as of the end of such monthly period, setting forth in each case comparisons to the annual budget and to the corresponding period in the preceding fiscal year, and all such statements shall be prepared in accordance with GAAP, consistently applied, and (ii) a written report containing a discussion and analysis by Sellers' management of the financial statements referred to in Section 5.1(a)(i), including, without limitation, a discussion and analysis of the material events and developments, if any, that occurred during the relevant monthly accounting period.

(b) as soon as available but in any event within 90 days after the end of each fiscal year, consolidating and consolidated statements of income and cash flows of Sellers for such fiscal year, and consolidating and consolidated balance sheets of Sellers as of the end of

such fiscal year, setting forth in each case comparisons to the annual budget and to the preceding fiscal year, all prepared in accordance with GAAP, consistently applied, and accompanied by (i) with respect to the consolidated portions of such statements, an opinion of Sellers' independent certified public accounting firm approved annually by Issuer's board of directors, and (ii) a copy of such firm's annual management letter to Issuer's board of directors;

(c) promptly upon receipt thereof, any additional reports, management letters or other detailed information concerning significant aspects of Sellers' operations or financial affairs given to Sellers by their independent accountants (and not otherwise contained in other materials provided under this Agreement);

(d) at least 90 days (but not more than 150 days) prior to the beginning of each fiscal year, consolidated annual business and financial plans for Sellers and annual budgets and financial projections for the immediately following fiscal year, prepared on a monthly period basis (displaying anticipated statements of income and cash flows, including capital expenditures and balance sheets) (each an "Annual Plan") which shall be approved by Issuer's board of directors, and promptly upon preparation thereof any other significant budgets prepared by Sellers and any revisions of such annual or other budgets, and within 30 days after any monthly period in which there is a material adverse deviation from the annual budget, an Officer's Certificate explaining the deviation and what actions Sellers have taken and propose to take with respect thereto;

(e) promptly (but in any event within five (5) business days) after the discovery or receipt of notice of any default under any material agreement to which any of Sellers is a party or any other material adverse event or circumstance affecting Sellers (including the filing of any litigation against Sellers or the existence of any dispute with any Person which involves a reasonable likelihood of such litigation being commenced), an Officer's Certificate specifying the nature and period of existence thereof and what actions Sellers have taken and propose to take with respect thereto;

(f) within ten (10) days after transmission thereof, copies of all financial statements, proxy statements, reports and any other general written communications which Issuer sends to its stockholders and copies of all registration statements and all regular, special or periodic reports which it files, or any of its officers or directors file with respect to Sellers, with the Securities and Exchange Commission or with any national securities exchange or automated dealer quotation system on which any of its securities are then listed, and copies of all press releases and other statements made available generally by Sellers to the public concerning developments in Sellers' businesses;

(g) promptly upon receipt thereof, copies of all material notices, citations and other communications concerning Sellers from any licensing, permitting or accrediting authority whether governmental or private;

(h) concurrently with the transmission of the same to any of Sellers' lenders, copies of all reports, statements, calculations, certificates or other information delivered or required by the terms of any of Sellers' Debt Instruments or otherwise to be delivered to any of such lenders, including, without limitation, any of the foregoing (i) identifying financial

covenants and/or conditions contained in Sellers' Debt Instruments, (ii) illustrating calculations showing compliance or lack thereof with such financial covenants and/or conditions and/or the methods employed in performing such calculations, (iii) certifying that Sellers are in compliance with such financial covenants and/or conditions, or if Sellers are not in compliance therewith, describing Sellers' plans for obtaining compliance and/or projected dates when compliance will be obtained, and/or (iv) containing similar information or materials; and

(i) with reasonable promptness, such other information and financial data concerning Sellers as Purchaser may reasonably request.

Each of the financial statements referred to in Sections 5.1(a) and 5.1(b) shall present fairly the financial condition, results of operations and cash flows as of the dates and for the periods stated therein, subject in the case of the unaudited financial statements to changes resulting from normal year-end audit adjustments (none of which, individually or in the aggregate, would be materially adverse to the financial condition, operating results, assets, operations or business prospects of any of Sellers) and such other reports referred to in Sections 5.1(a) through 5.1(c), inclusive, shall be true and correct in all material respects as of the dates stated therein.

Section 5.2. INSPECTION OF PROPERTY. Sellers shall permit any representatives designated by Purchaser (so long as Purchaser owns any Preferred Stock), upon reasonable notice and during normal business hours and such other times as Purchaser may reasonably request, to (a) visit and inspect any of the properties of Sellers, (b) examine the corporate and financial records of Sellers and make copies thereof or extracts therefrom and (c) discuss the affairs, finances and accounts of Sellers with their respective directors, officers, key employees and independent accountants. The presentation of an executed copy of this Agreement by Purchaser to Sellers' independent accountants shall constitute Sellers' permission to its independent accountants to participate in discussions with Purchaser.

Purchaser also shall have the right to discuss any matters relating to Sellers with any third party (including, without limitation, any licensing, permitting or accrediting authority, whether governmental or private) and, by execution of this Agreement, Sellers expressly consent to any such discussions.

Section 5.3. RESTRICTIONS. So long as Purchaser owns any Preferred Stock, none of Sellers shall, without the prior written consent of Purchaser:

(a) redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) any shares of capital stock of Sellers other than any such shares held by Purchaser and in accordance with Issuer's Certificate of Incorporation and the other Transaction Documents; provided, however, that this restriction shall not apply to the repurchase of shares of Issuer Common Stock from employees, officers, directors, consultants or other persons performing services for Sellers, other than Tuchman or any member of his immediate family, pursuant to the Issuer Stock Option Plan;

(b) for a period of five (5) years from the date of this Agreement, (i) sell, lease, transfer, assign or otherwise dispose of more than 25% of the consolidated assets of Sellers

(computed on the basis of the lesser of book value, determined in accordance with GAAP consistently applied, or fair market value, determined by Issuer's board of directors in its reasonable good faith judgment) in any transaction or series of related transactions, or (ii) liquidate, dissolve, consolidate or effect a recapitalization, reclassification or reorganization in any form of transaction (including, without limitation, any reorganization into partnership form) resulting in a Change of Control;

(c) permit either of the Operating Companies to issue or sell, or obligate itself to issue or sell, except to Issuer, any capital stock of the Operating Companies;

(d) increase or decrease the total number of authorized shares of any class or series of capital stock of Issuer;

(e) amend or repeal any provision of, or add any provision to, Issuer's Certificate of Incorporation or Issuer's By-laws, or take any other action, if such action would alter or change the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of, Preferred Stock, or increase or decrease the number of authorized or (other than by redemption or conversion) outstanding shares of Preferred Stock;

(f) authorize or issue, or obligate itself to issue, any other equity security (including any security convertible into or exercisable for any equity security) senior to or on a parity with Preferred Stock as to voting, dividend or redemption rights or liquidation preferences, other than (i) Issuer Common Stock having voting rights not greater than the voting rights of the Preferred Stock or (ii) other equity securities which are convertible into or exchangeable for Issuer Common Stock having voting rights not greater than the voting rights of the Preferred Stock;

(g) reclassify any class or series of any capital stock of Issuer into shares having any preference as to liquidation or voting, dividend or redemption rights superior or equal to any such preference or priority of Preferred Stock, other than Issuer Common Stock having voting rights not greater than the voting rights of the Preferred Stock;

(h) except as expressly contemplated by the Transaction Documents, issue or enter into any agreement providing for the issuance (contingent or otherwise) of, any notes or debt securities containing equity features (including, without limitation, any notes or debt securities convertible into or exchangeable for equity securities, issued in connection with the issuance of equity securities or containing profit participation features);

(i) make any loans or advances to or guaranties for the benefit of, any Person (other than a Subsidiary), except for reasonable advances to employees in the ordinary course of business not in excess of \$100,000 individually or in the aggregate, which consent shall not be unreasonably withheld or delayed;

(j) for a period of five (5) years from the date of this Agreement, merge, consolidate or combine with any Person or acquire any interest in any business (whether by a purchase of assets, purchase of stock, merger or otherwise), or enter into any joint venture, except in compliance with Section B.3(c) of Article Four of Issuer's Certificate of Incorporation;

(k) sell, lease, transfer or otherwise dispose of any of its material Proprietary Rights;

(l) engage in the active management or operation of any business other than the provision of teleservicing services and businesses reasonably related thereto or set forth in the Business Plan or any Annual Plan and approved by Issuer's board of directors;

(m) except as contemplated in the Transaction Documents, become subject to any agreement or instrument which by its terms would (under any circumstances) restrict Sellers' rights or ability to perform and comply with the provisions of the Transaction Documents;

(n) make any amendment or modification to, or terminate or waive any rights, claims or conditions under, any of the Transaction Documents;

(o) enter into any transaction with any of its officers, directors, employees or Affiliates, except for normal employment arrangements and benefit programs on reasonable terms and except as otherwise expressly contemplated by this Agreement;

(p) change its fiscal year;

(q) increase or decrease the authorized size of its board of directors above or below seven (7) members, remove any of the directors elected by Purchaser or pay remuneration to any member of its board of directors who is also an employee or officer of Issuer for services in his or her capacity as a director;

(r) use the proceeds from the sale of Preferred Stock other than as provided by Section 5.5 hereof;

(s) borrow against, pledge or assign the Insurance Policies; or

(t) do any act or thing in deviation from the Business Plan or any Annual Plan, except as approved by Issuer's board of directors.

Section 5.4. AFFIRMATIVE COVENANTS. So long as Purchaser holds any shares of Preferred Stock, each of Sellers, as appropriate, shall:

(a) at all times reserve and keep available out of authorized but unissued shares of Issuer Common Stock the full number of shares of Issuer Common Stock deliverable (i) under the Issuer Stock Option Plan and (ii) upon conversion of all of the then outstanding Preferred Stock;

(b) at all times cause to be done all things necessary to maintain, preserve, obtain and renew its corporate existence and all material licenses, authorizations and permits necessary to the conduct of their respective businesses;

(c) maintain and keep their respective properties in good repair, working order and condition (ordinary wear and tear excepted), and from time to time make all necessary or

desirable repairs, renewals and replacements, so that their respective businesses may be conducted properly at all times;

(d) pay and discharge when payable all taxes, assessments and governmental charges imposed upon its properties or upon the income or profits therefrom (in each case before the same becomes delinquent and before penalties accrue thereon) and all claims for labor, materials or supplies which if unpaid would by law become a lien upon any of their respective properties, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and adequate reserves (as determined in accordance with GAAP, consistently applied) have been established on its books with respect thereto;

(e) comply with all other obligations which any of Sellers incur pursuant to any contract or agreement, whether oral or written, express or implied, as such obligations become due unless and to the extent that the same are being contested in good faith and by appropriate proceedings and adequate reserves (as determined in accordance with GAAP, consistently applied) have been established on Sellers' books with respect thereto;

(f) comply, in all material respects, with all applicable laws, rules and regulations of all governmental authorities the violation of which would reasonably be expected to have an adverse effect upon the financial condition, operating results, assets, operations or business prospects of Sellers;

(g) apply for and continue in force with good and responsible insurance companies adequate insurance covering risks of such types and in such amounts as are commercially reasonable and customary for well-insured corporations of similar size engaged in similar lines of business;

(h) maintain proper books of record and account which fairly present the financial condition and results of operations of Sellers and make provisions on their respective financial statements for all such proper reserves as in each case are required in accordance with GAAP, consistently applied;

(i) at or prior to the Closing, obtain the Insurance Policies and, at all times thereafter, maintain the Insurance Policies, in both cases at Issuer's sole expense; (ii) immediately upon receipt thereof, reserve for payment to Purchaser, in accordance with Sections 2.3(c) and 2.3(d) of the Investment Agreement, Six Million Dollars (\$6,000,000) of the aggregate proceeds of the Life Insurance Policy; and (iii) immediately upon receipt thereof, reserve for payment to Purchaser, in accordance with Sections 2.3(c) and 2.3(d) of the Investment Agreement, proceeds attributable to approximately, but no more than, \$30,000 of the annual premium for the Disability Insurance Policy; provided however, that (1) in no event shall Issuer be required to pay premiums for the Life Insurance Policy in excess of 200% of the annual premiums for such policy as of the Closing Date, (2) in no event shall Issuer be required to pay premiums in excess of \$30,000 per year for the Disability Insurance Policy and (3) nothing herein shall prevent Issuer from obtaining additional disability insurance on Tuchman in order to pay to Tuchman wage continuation as required by Tuchman's employment agreement or additional key-man life insurance on Tuchman.

(j) operate in accordance with the Business Plan or any Annual Plan then in effect, unless otherwise specifically authorized by the Board of Directors prior thereto.

Section 5.5. USE OF PROCEEDS. Issuer shall use the proceeds from the sale of Preferred Stock under this Agreement for, and only for, the following purposes:

(a) to fund the refurbishment of the Operating Companies' Sherman Oaks, California operating facility in accordance with the Business Plan;

(b) to fund the opening and operation of a new operating facility in Burbank, California and additional new operating facilities in such other sites as may be determined by Issuer's board of directors from time to time in accordance with the Business Plan;

(c) to fund the expansion of the Operating Companies' Denver, Colorado operating facility in accordance with the Business Plan;

(d) to fund the repayment of a loan from Tuchman to the Operating Companies in the amount of \$1,100,000;

(e) to pay fees and expenses, including reasonable attorneys' fees, incurred by Issuer in connection with the sale and issue of Preferred Stock under this Agreement; and

(f) for other bona fide corporate purposes as determined by Issuer's board of directors from time to time in accordance with the Business Plan or any Annual Plan.

Section 5.6. COMPLIANCE WITH AGREEMENTS. Issuer shall perform and observe (a) all of its obligations set forth in Issuer's Certificate of Incorporation and Issuer's By-laws, and (b) all of its obligations pursuant to this Agreement and the other Transaction Documents.

Section 5.7. CURRENT PUBLIC INFORMATION. At all times after Issuer has filed or is required to file a registration statement with the Securities and Exchange Commission pursuant to the requirements of either the Securities Act or the Securities Exchange Act, Issuer shall file all reports required to be filed by it under the Securities Act and the Securities Exchange Act and the rules and regulations adopted by the Securities and Exchange Commission thereunder. Issuer shall take such further action as Purchaser may reasonably request with respect thereto, including, without limitation, all action to the extent required to enable Purchaser to sell any and all shares of Issuer Common Stock pursuant to Rule 144 adopted by the Securities and Exchange Commission under the Securities Act (as such rule may be amended from time to time) or any similar rule or regulation hereafter adopted by the Securities and Exchange Commission.

Section 5.8. PROPRIETARY RIGHTS. Sellers shall possess and maintain all Proprietary Rights necessary to the conduct of their respective businesses and own all right, title and interest in and to, or have a valid license for, all Proprietary Rights used by Sellers in the conduct of their respective businesses. None of Sellers shall take any action, or fail to take any action, which would result in the invalidity, abuse, misuse or unenforceability of such Proprietary Rights or which would infringe upon any rights of other Persons.

Section 5.9. PUBLIC DISCLOSURES. None of Sellers shall disclose Purchaser's name or identity as an investor in Sellers in any press release or other public announcement or in any document or material filed with any governmental entity, without the prior written consent of Purchaser, unless such disclosure is required by applicable law or governmental regulations or by order of a court of competent jurisdiction, in which case prior to making such disclosure Issuer shall give written notice to Purchaser describing in reasonable detail the proposed content of such disclosure and shall permit Purchaser to review and comment upon the form and substance of such disclosure. Neither Issuer nor Purchaser shall issue or publish any public announcement, press release or other public disclosure regarding this Agreement, the transactions contemplated under this Agreement, or Purchaser and its Affiliates without the prior approval of the other party.

ARTICLE VI INDEMNIFICATION

Section 6.1. GENERAL. From and after the Closing, the parties shall indemnify each other as provided in this Article VI. No specifically enumerated indemnification obligation with respect to a particular subject matter as set forth below shall limit or affect the applicability of a more general indemnification obligation as set forth below with respect to the same subject matter.

Section 6.2. SELLERS' INDEMNIFICATION OBLIGATIONS. Each of Sellers shall jointly and severally (but without duplication) save and keep Purchaser and its successors and permitted assigns (each a "Purchaser Indemnatee" and collectively the "Purchaser Indemnitees") forever harmless against and from all Damages sustained or incurred by any Purchaser Indemnatee, as a result of or arising out of or by virtue of:

(a) any inaccuracy in or breach of any representation and warranty made by Sellers to Purchaser herein or in any of the other Transaction Documents or any other closing document delivered to Purchaser in connection herewith; or

(b) the breach by Sellers, or failure of Sellers to comply with, any of the covenants or obligations under this Agreement to be performed by Sellers (including, without limitation, their obligations under this Article VI).

Section 6.3. PURCHASER'S INDEMNIFICATION COVENANTS.

(a) Partnership shall indemnify, save and keep each of Sellers and their successors and permitted assigns (each a "Sellers Indemnatee" and collectively the "Sellers Indemnitees"), forever harmless against and from all Damages sustained or incurred by any Sellers Indemnatee, as a result of or arising out of or by virtue of:

(i) any inaccuracy in or breach of any representation and warranty made by Partnership to Sellers herein or in any of the other Transaction Documents or any other closing document delivered to Sellers in connection herewith; or

(ii) any breach by Partnership of, or failure by Partnership to comply with, any of the covenants or obligations under this Agreement to be performed by Partnership (including without limitation its obligations under this Article VI).

(b) Essaness shall indemnify, save and keep each of the Sellers Indemnitees, forever harmless against and from all Damages sustained or incurred by any Sellers Indemnitee, as a result of or arising out of or by virtue of:

(i) any inaccuracy in or breach of any representation and warranty made by Essaness to Sellers herein or in any of the other Transaction Documents or any other closing document delivered to Sellers in connection herewith; or

(ii) any breach by Essaness of, or failure by Essaness to comply with, any of the covenants or obligations under this Agreement to be performed by Essaness (including without limitation its obligations under this Article VI).

Section 6.4. TERMS OF INDEMNIFICATION

(a) The indemnification obligations of each Seller individually, and of Sellers in the aggregate, under this Article VI shall not exceed in the aggregate an amount equal to (i) the product of (i) Twelve Million Dollars (\$12,000,000) multiplied by (ii) the product of (x) 1.005833 multiplied by (y) the exponent n, where n is equal to the number of months commencing with the month in which the Closing Date occurred through the month in which the applicable claim for Damages paid under Section 6.3 hereof (both months inclusive).

(b) The aggregate indemnification obligations of Purchaser under this Article VI shall not exceed One Million Dollars (\$1,000,000).

(c) Neither Purchaser (taken together as one party) nor Sellers (taken together as one party) shall be entitled to recover rights to indemnification hereunder until the aggregate of such Damages suffered by Purchaser (taken together as one party) or Sellers (taken together as one party), as the case may be, in respect of all such claims exceeds \$50,000 in the aggregate (such amount being referred to as the "Basket"). At such time(s) as Purchaser or Sellers, as the case may be, incurs cumulative Damages in excess of the Basket ("Excess Basket Costs"), then Purchaser or Sellers, as the indemnifying party, shall pay to the other party(ies), as the indemnified party, such Excess Basket Costs. Purchaser (taken together as one party) and Sellers (taken together as one party) shall have a separate Basket which shall not be affected by claims for Damages by the other party(ies).

Section 6.5. NOTICE OF CLAIM; RESOLUTION OF DISPUTES.

(a) The parties shall give prompt notice to each other of the assertion of any claim in respect of which indemnity may be sought under this Article VI, specifying, to the extent known, the facts pertaining thereto and the amount or an estimate of the amount of the liability arising therefrom, but no failure to give such notice shall relieve any party of any liability under this Article VI (except to the extent a party has suffered actual prejudice thereby).

(b) If the recipient of a notice of a claim for indemnification under Article VI desires to dispute such claim, it shall, within 30 days after notice of the claim of loss against it or a notice of dispute is given, give a counter notice, setting forth the basis for disputing such claim, to Purchaser or Issuer (on behalf of all Sellers), as the case may be. If no such counter notice is given within such thirty-day period, or if Purchaser or Issuer (on behalf of all Sellers), as the case may be, acknowledges liability for indemnification, then such loss shall be promptly paid. If, within 45 days after the giving of counter notice by Purchaser or Issuer (on behalf of all Sellers), as the case may be, the parties shall not have reached agreement as to the claim or dispute in question, then any party may pursue all available rights and remedies under applicable law, subject to Sections 9.12 and 9.13 hereof.

ARTICLE VII
TERMINATION

Section 7.1. GENERAL. The parties shall have the rights and remedies with respect to the termination and/or enforcement of this Agreement which are set forth in this Article VII.

Section 7.2. RIGHT TO TERMINATE. Anything to the contrary herein notwithstanding, this Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing by prompt notice given in accordance with Section 9.1:

(a) by the mutual written consent of Partnership and Issuer; or

(b) by either Partnership or Issuer if the Closing shall not have occurred at or before 11:59 p.m. on January 30, 1995; provided, however, that the right to terminate this Agreement under this Section 7.2(b) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or prior to the aforesaid date.

Section 7.3. REMEDIES. No party shall be limited to the termination right granted in Section 7.2 by reason of the nonfulfillment of any condition to such party's closing obligations but may, in the alternative, elect to do one of the following:

(a) proceed to close despite the nonfulfillment of any closing condition, it being understood that consummation of the transactions contemplated herein shall be deemed a waiver of a breach of any representation, warranty or covenant and of any party's rights and remedies with respect thereto in the event that (i) such party had actual knowledge of the nonfulfillment of such condition, or such breach of a representation, warranty or covenant, and (ii) such party proceeds to close the transactions contemplated herein; or

(b) decline to close, terminate this Agreement as provided in Section 7.2, and thereafter seek damages to the extent permitted in Section 7.4.

Section 7.4. RIGHT TO DAMAGES. If this Agreement is terminated pursuant to Section 7.2, neither party hereto shall have any claim against the other, except as follows:

(a) If the circumstances giving rise to such termination were caused either by (i) Sellers' failure to satisfy any of the conditions set forth in Section 2.1, except where such failure was outside of Sellers' and Tuchman's control or (ii) any of the representations and warranties contained in Article III being incorrect when made, then the event of termination shall not be deemed or construed as limiting or denying any legal or equitable right or remedy of Purchaser, and Purchaser shall be entitled to recover, without limitation, its costs and expenses which are incurred in pursuing its rights and remedies (including reasonable attorneys' fees).

(b) If the circumstances giving rise to such termination were caused either by (i) Purchaser's failure to satisfy any of the conditions set forth in Section 2.2, except where such failure was outside of Purchaser's control or (ii) any of the representations and warranties contained in Article IV being incorrect when made, then the event of termination shall not be deemed or construed as limiting or denying any legal or equitable right or remedy of Sellers, and Sellers shall be entitled to recover, without limitation, its costs and expenses which are incurred in pursuing its rights and remedies (including reasonable attorneys' fees).

ARTICLE VIII DEFINITIONS

For the purposes of this Agreement, the following terms have the meanings set forth below:

"AFFILIATE" of any particular Person shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person and any member of the immediate family of such Affiliate. In the case of Sellers, "Affiliate" shall include, without limitation, Tuchman.

"CHANGE OF CONTROL" shall mean (a) any sale or transfer or any series of sales or transfers of Issuer Common Stock, Preferred Stock or other equity securities of Issuer which result in any Person or group of Affiliated Persons (other than Tuchman, Purchaser and/or their respective Permitted Transferees under the Investment Agreement, if any) having a majority voting interest in Issuer or owning more than 50% of the aggregate Issuer Common Stock, Preferred Stock, Issuer Common Stock issuable upon conversion of Preferred Stock and other capital stock of Issuer outstanding at the time of such sales or transfers or series of sales or transfers, (b) a sale or transfer of all or substantially all of the operating assets of any of Sellers to any Person other than a wholly-owned subsidiary of Sellers, or (c) a merger or consolidation involving Issuer and resulting in a 25% or greater reduction in the aggregate percentage equity interest of Tuchman and his Permitted Transferees (as defined in the Investment Agreement), if any, in Issuer or the surviving entity, as the case may be, immediately after the consummation of such transaction, as

compared to the aggregate percentage equity interest of Tuchman and his Permitted Transferees, if any, in Issuer immediately prior to the consummation of such transaction.

"CLAIMS" shall mean all options, proxies, voting trusts, voting agreements, judgments, pledges, charges, escrows, rights of first refusal or first offer, claims, transfer restrictions, liens, security interests and other encumbrances of every kind and nature whatsoever, whether arising by agreement (other than this Agreement) or operation of law (other than applicable federal and state securities laws).

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"DAMAGES" shall mean all liabilities, demands, claims, actions or causes of action, regulatory, legislative or judicial proceedings or investigations, assessments, levies, losses, fines, penalties, damages, costs and expenses, including, without limitation the following: reasonable attorneys', accountants', investigators', and experts' fees and expenses, sustained or incurred in connection with the defense or investigation of any of the foregoing matters.

"FULLY DILUTED ISSUER COMMON STOCK" shall mean the total number of shares of Issuer Common Stock outstanding after taking into account the following: (a) all shares of Issuer Common Stock outstanding; (b) all shares of Issuer Common Stock issuable upon conversion of the Preferred Stock; (c) all shares of Issuer Common Stock reserved for issuance pursuant to the Issuer Stock Option Plan; and (d) any Stock Adjustments; provided, however, that, Fully Diluted Issuer Common Stock shall not include any shares of Issuer Common Stock or other capital stock of Issuer convertible into, exchangeable with or immediately exercisable for Issuer Common Stock where (i) such shares or other securities are issued in connection with any acquisition by, or business combination involving, Issuer, which transaction is determined by Issuer's board of directors to be on terms which are fair and equitable to Issuer and its stockholders and approved in good faith by Issuer's board of directors, or (ii) Purchaser shall not have exercised its rights of first refusal with respect to all or part of the issuance of such shares pursuant to Section 3.4(a) of the Investment Agreement.

"GAAP" shall mean generally accepted accounting principles in effect on the appropriate date thereof.

"INDEBTEDNESS" as applied to any Person shall mean, at a particular time, without duplication, (a) indebtedness for borrowed money or for the deferred purchase price of property or services in respect of which such Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business) or any commitment by which such Person assures a creditor against loss, including contingent reimbursement obligations with respect to letters of credit, (b) indebtedness guaranteed in any manner by such Person, including guaranties in the form of an agreement to repurchase or reimburse, (c) obligations under capitalized leases in respect of which obligations such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person assures a creditor against loss and (d) any unsatisfied obligation of such Person for "withdrawal liability" to a "multiemployer plan" as such terms are defined under ERISA.

"INSURANCE POLICIES" shall mean collectively:

(a) A key-man life insurance policy (issued by USAA Life Insurance Company or such other insurance company as Purchaser may approve, with the policy number and initial annual premium set forth in EXHIBIT J to be attached hereto at Closing or promptly after the policy is issued) on the life of Tuchman in the aggregate face amount of Twelve Million Dollars (\$12,000,000) obtained and maintained by Issuer at Issuer's sole expense the sole designated beneficiary of which is Issuer ("Life Insurance Policy"); and

(b) A key-man disability insurance policy (issued by Lloyd's of London or such other insurance company as Purchaser may approve, with the policy number and initial annual premium set forth in EXHIBIT K to be attached hereto at Closing or promptly after the policy is issued) on Tuchman with an annual premium of approximately, but no more than, \$30,000 obtained and maintained by Issuer at Issuer's sole expense the sole designated beneficiary of which is Issuer ("Disability Insurance Policy").

"INVESTMENT" as applied to any Person means (i) any direct or indirect purchase or other acquisition by such Person of any notes, obligations, instruments, stock, securities or ownership interest (including partnership interests and joint venture interests) of any other Person and (ii) any capital contribution by such Person to any other Person.

"MEMBERS OF IMMEDIATE FAMILY" as applied to any Person shall mean and include only such Person's spouse, children, grandchildren and parents, "children" shall include any adopted child of such Person and "grandchildren" shall include any child adopted by a child of Person.

"OFFICER'S CERTIFICATE" means a certificate signed by the chief executive or chief financial officer of the applicable entity, stating that (i) the officer signing such certificate has made or has caused to be made such investigations as are necessary in order to permit him to verify the accuracy of the information set forth in such certificate and (ii) to the best of such officer's knowledge, such certificate does not misstate any material fact and does not omit to state any fact necessary to make the certificate not misleading.

"PERSON" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"PROPRIETARY RIGHTS" means all (i) patents, patent applications, patent disclosures and inventions, (ii) trademarks, service marks, trade dress, trade names and corporate names and registrations and applications for registration thereof, (iii) copyrights and registrations and applications for registration thereof, (iv) mask works and registrations and applications for registration thereof, (v) computer software, data and documentation, (vi) trade secrets and other confidential information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer, supplier and service provider lists and information), (vii)

other intellectual property rights, and (viii) copies and tangible embodiments thereof (in whatever form or medium).

"SECURITIES ACT" means the Securities Act of 1933, as amended, or any similar federal law then in force.

"SECURITIES EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any similar federal law then in force.

"STOCK ADJUSTMENTS" shall mean adjustments needed to account and adjust for stock splits, stock dividends, recapitalizations, recombinations and similar events.

"SUBSIDIARY" means any corporation of which the securities having a majority of the ordinary voting power in electing the board of directors are, at the time as of which any determination is being made, owned by TTS, TTC or Issuer either directly or through one or more Subsidiaries.

"TCI CLAIM" shall mean all claims held by the Operating Companies against TeleCommunications, Inc.

"TRANSACTION DOCUMENTS" means this Agreement (including the Exhibits and Schedules attached hereto) and all other agreements and documents executed and delivered in connection with the Closing, including, without limitation, the Investment Agreement.

ARTICLE IX MISCELLANEOUS

Section 9.1. NOTICES. All notices required or permitted to be given under this Agreement shall be in writing and may be delivered by hand, by facsimile, by nationally recognized private courier, or by United States mail. Notices delivered by mail shall be deemed given three (3) business days after being deposited in the United States mail, postage prepaid, registered or certified mail. Notices delivered by hand, by facsimile, or by nationally recognized private carrier shall be deemed given on the first business day following receipt; provided, however, that a notice delivered by facsimile shall only be effective if such notice is also delivered by hand, or deposited in the United States mail, postage prepaid, registered or certified mail, on or before two (2) business days after its delivery by facsimile. All notices shall be addressed as follows:

IF TO ANY OF SELLERS:

c/o Mr. Kenneth Tuchman
1700 Lincoln Street, Suite 1400
Denver, Colorado 80203
Fax: (303) 894-4203

with copies to:

Neal Gerber & Eisenberg
Two N. LaSalle Street, Suite 2200
Chicago, Illinois 60602
Attention: Charles E. Gerber, Esq.
Fax: (312) 269-1747

and:

Ahn and Lee
Equitable Plaza, Suite 2000
3435 Wilshire Boulevard
Los Angeles, California 90010-2006
Attention: Albert Lee, Esq.
Fax: (213) 383-0097

IF TO PURCHASER:

TO PARTNERSHIP:

c/o Equity Group Investments, Inc.
Two North Riverside Plaza
Chicago, Illinois 60606
Attention: Mr. Richard Weingarten
Fax: (312) 902-1573 and
(404) 843-5477

with copies to:

Rosenberg & Liebenritt, P.C.
Two North Riverside Plaza
Suite 1600
Chicago, Illinois 60606
Attention: Donald J. Liebenritt, Esq.
Fax: (312) 454-0335

and:

Seyfarth, Shaw, Fairweather & Geraldson
55 East Monroe Street
Suite 4200
Chicago, Illinois 60603
Attention: David S. Stone, Esq.
Fax: (312) 269-8869

AND TO ESSANESS:

Essaness Theatres Corporation
22842 S. Harlem Avenue
Frankfort, Illinois 60423
Attention: Susie Silverman, President
Fax: (708) 720-9456

with copies to:

Alan Silverman
38045 Via Fortuna
Palm Springs, California 92264
Fax: (619) 320-5901

and:

Sachnoff & Weaver Ltd.
30 S. Wacker Drive, Suite 2900
Chicago, Illinois 60606
Attention: Jules G. Cogan
Fax: (312) 207-6400

and/or to such other respective addresses and/or addressees as may be designated by notice given in accordance with the provisions of this Section 9.1.

Section 9.2. EXPENSES. Except as otherwise provided in this Agreement, each party hereto shall bear all fees and expenses incurred by such party in connection with, relating to or arising out of the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby, including, without limitation, attorneys', accountants' and other professional fees and expenses.

Section 9.3. ENTIRE AGREEMENT. This Agreement, the other Transaction Documents and the instruments to be delivered by the parties pursuant to the provisions hereof or thereof constitute the entire agreement between the parties and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Each exhibit and schedule shall be considered incorporated into this Agreement. Any amendments, or alternative or supplementary provisions to this Agreement must be made in writing and duly executed by an authorized representative or agent of each of the parties hereto.

Section 9.4. NON-WAIVER. The failure in any one or more instances of a party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by said party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue

and remain in full force and effect as if no such forbearance or waiver had occurred. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. A breach of any representation, warranty or covenant shall not be affected by the fact that a more general or more specific representation, warranty or covenant was not also breached.

Section 9.5. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

Section 9.6. SEVERABILITY. The invalidity of any provision of this Agreement or portion of a provision shall not affect the validity of any other provision of this Agreement or the remaining portion of the applicable provision.

Section 9.7. APPLICABLE LAW. This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws of the State of Illinois applicable to contracts made in that State.

Section 9.8. BINDING EFFECT; BENEFIT. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto, and their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 9.9. ASSIGNABILITY. This Agreement shall not be assignable by either party without the prior written consent of the other party.

Section 9.10. AMENDMENTS. This Agreement shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties hereto.

Section 9.11. HEADINGS. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

Section 9.12. JURISDICTION AND SERVICE OF PROCESS. EACH OF SELLERS AND PURCHASER HEREBY CONSENT TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF COOK, STATE OF ILLINOIS AND IRREVOCABLY AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS MAY BE LITIGATED IN SUCH COURTS. EACH OF SELLERS AND PURCHASER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT OR

THE OTHER TRANSACTION DOCUMENTS. EACH OF SELLERS AND PURCHASER DESIGNATES AND APPOINTS CT CORPORATION SYSTEM AND SUCH OTHER PERSONS AS MAY HEREAFTER BE SELECTED BY SUCH PARTY WHICH IRREVOCABLY AGREE IN WRITING TO SO SERVE AS SUCH PARTY'S AGENT TO RECEIVE ON ITS BEHALF SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY EACH OF SELLERS AND PURCHASER TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. A COPY OF ANY SUCH PROCESS SO SERVED SHALL BE MAILED BY REGISTERED MAIL TO THE APPLICABLE PARTY AT ITS ADDRESS PROVIDED IN SECTION 9.1 EXCEPT THAT UNLESS OTHERWISE PROVIDED BY APPLICABLE LAW, ANY FAILURE TO MAIL SUCH COPY SHALL NOT AFFECT THE VALIDITY OF SERVICE OF PROCESS. IF ANY AGENT APPOINTED BY A PARTY REFUSES TO ACCEPT SERVICE, SUCH PARTY HEREBY AGREES THAT SERVICE UPON IT BY MAIL SHALL CONSTITUTE SUFFICIENT NOTICE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF ANY PARTY TO BRING PROCEEDINGS AGAINST ANY OTHER PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

Section 9.13. TRIAL. EACH OF SELLERS AND PURCHASER HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, OR ANY DEALINGS BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF OR THEREOF. EACH OF SELLERS AND PURCHASER ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE OTHER PARTIES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF SELLERS AND PURCHASER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF SELLERS AND PURCHASER FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

IN WITNESS WHEREOF, the parties hereto have executed, or have caused their duly authorized representatives to execute, this Agreement as of the date first written above.

TELETECH TELESERVICES, INC., a Colorado corporation

By: /s/ Kenneth Tuchman

Its: President

TELETECH TELECOMMUNICATIONS INC., a California corporation

By: /s/ Kenneth Tuchman

Its: President

TELETECH HOLDINGS, INC., a Delaware corporation

By: /s/ Kenneth Tuchman

Its: President

TELETECH INVESTORS GENERAL PARTNERSHIP, an Illinois general partnership

By: ZELL GENERAL PARTNERSHIP, INC., an Illinois corporation

Its Managing General Partner

By: Sheli Z. Rosenberg

Its: Vice President

ESSANESS THEATRES CORPORATION, a Delaware corporation

By: Alan Silverman

Its: Vice President

TABLE OF CONTENTS

	Page (s)
ARTICLE I - ISSUE AND SALE OF STOCK	1
Section 1.1. Sale and Issuance of Preferred Stock	1
Section 1.2. Purchase Price	2
Section 1.3. Manner of Payment of Purchase Price.	2
Section 1.4. Delivery of Preferred Stock.	2
Section 1.5. Time and Place of Closing.	2
ARTICLE II - CONDITIONS TO CLOSING.	2
Section 2.1. Conditions to Sellers' Obligation.	2
Section 2.2. Conditions to Purchaser's Obligation	3
ARTICLE III - SELLERS' REPRESENTATIONS AND WARRANTIES	7
Section 3.1. Organization; Corporate Power.	7
Section 3.2. Capital Stock and Related Matters.	7
Section 3.3. Authorization; No Breach	9
Section 3.4. Financial Statements	9
Section 3.5. Absence of Undisclosed Liabilities	10
Section 3.6. Illegal Payments	10
Section 3.7. No Material Adverse Change/Absence of Certain Developments	11
Section 3.8. Assets	12
Section 3.9. Contracts and Commitments.	12
Section 3.10. Proprietary Rights	14
Section 3.11. Tax Matters.	15
Section 3.12. Litigation, etc.	16
Section 3.13. Brokerage.	16
Section 3.14. Governmental Consent	16
Section 3.15. Employees/Employment Laws.	16
Section 3.16. ERISA.	18
Section 3.17. Compliance with Laws: Permits: Certain Operations	19
Section 3.18. Affiliated Transactions.	20
Section 3.19. Customers and Suppliers.	20
Section 3.20. Disclosure	21
ARTICLE IV - PURCHASER'S REPRESENTATIONS AND WARRANTIES	21
Section 4.1. Partnership's Representations and Warranties .21	
Section 4.2. Essaness's Representations and Warranties. . .22	
ARTICLE V - SELLERS' COVENANTS.	23
Section 5.1. Financial Statements and Other Information . .23	
Section 5.2. Inspection of Property	25
Section 5.3. Restrictions	26
Section 5.4. Affirmative Covenants.	28

Section 5.5.	Use of Proceeds. . . . .	.29
Section 5.6.	Compliance with Agreements . . . . .	.30
Section 5.7.	Current Public Information . . . . .	.30
Section 5.8.	Proprietary Rights . . . . .	.30
Section 5.9.	Public Disclosures . . . . .	.30
ARTICLE VI - INDEMNIFICATION.		31
Section 6.1.	General. . . . .	.31
Section 6.2.	Sellers' Indemnification Obligations . . . . .	.31
Section 6.3.	Purchaser's Indemnification Covenants. . . . .	.31
Section 6.4.	Terms of Indemnification . . . . .	.32
Section 6.5.	Notice of Claim; Resolution of Disputes. . . . .	.32
ARTICLE VII - TERMINATION		33
Section 7.1.	General. . . . .	.33
Section 7.2.	Right to Terminate . . . . .	.33
Section 7.3.	Remedies . . . . .	.33
Section 7.4.	Right to Damages . . . . .	.34
ARTICLE VIII - DEFINITIONS.		34
ARTICLE IX - MISCELLANEOUS.		37
Section 9.1.	Notices. . . . .	.37
Section 9.2.	Expenses . . . . .	.39
Section 9.3.	Entire Agreement . . . . .	.39
Section 9.4.	Non-Waiver . . . . .	.40
Section 9.5.	Counterparts . . . . .	.40
Section 9.6.	Severability . . . . .	.40
Section 9.7.	Applicable Law . . . . .	.40
Section 9.8.	Binding Effect; Benefit. . . . .	.40
Section 9.9.	Assignability. . . . .	.40
Section 9.10.	Amendments. . . . .	.40
Section 9.11.	Headings. . . . .	.40
Section 9.12.	JURISDICTION AND SERVICE OF PROCESS . . . . .	.40
Section 9.13.	TRIAL . . . . .	.41

LIST OF EXHIBITS

Exhibit A.1	Written Opinion of Rosenberg & Liebentritt, P.C.
Exhibit A.2	Written Opinion of Sachnoff & Weaver, Ltd.
Exhibit B	Investment Agreement
Exhibit C	Business Plan
Exhibit D	Issuer's Certificate of Incorporation
Exhibit E	Issuer's By-laws
Exhibit F	Written Opinion of Ahn and Lee
Exhibit G	Employment Agreements
Exhibit H	Issuer Stock Option Plan
Exhibit I	Accounting Procedures
Exhibit J	Life Insurance Policy
Exhibit K	Disability Insurance Policy

TELETECH HOLDINGS, INC.
STOCK PLAN
AS AMENDED AND RESTATED

1. PREAMBLE.

TeleTech Holdings, Inc., a Delaware corporation (the "Company"), hereby establishes the TeleTech Holdings, Inc. Stock Plan (the "Plan") as a means whereby the Company may, through awards of (i) incentive stock options within the meaning of section 422 of the Code (as herein defined), (ii) stock appreciation rights, (iii) non-qualified stock options, (iv) restricted stock, and (v) phantom stock:

(a) provide key employees who have substantial responsibilities for the direction and management of the Company and its subsidiaries with additional incentive to promote the success of the Company's and its subsidiaries' businesses;

(b) enable such employees to acquire proprietary interests in the Company;

(c) encourage such employees to remain in the employ of the Company and its subsidiaries;

(d) provide Directors of the Company (who are not otherwise employees of the Company) with an additional incentive to promote the success of the Company's business; and

(e) provide consultants and other independent contractors who provide services to the Company, with an additional incentive to promote the success of the Company's business.

The provisions of this Plan do not apply to or affect any option, stock appreciation right, or stock heretofore or hereafter granted under any other stock plan of the Company or any subsidiary, and all such options, stock appreciation right or stock continue to be governed by and subject to the applicable provisions of the plan or agreement under which they were granted.

2. DEFINITIONS.

2.01 "BOARD" or "BOARD OF DIRECTORS" means the board of directors of the Company.

2.02 "CAUSE" means, as determined in the sole discretion of the Board, a Participant's (a) commission of a felony; (b) dishonesty or misrepresentation involving the Company or any Subsidiary; (c) serious misconduct in the performance or non-performance of Participant's responsibilities as an employee, Officer, Director, consultant or independent contractor; (d) violation of a material condition of employment; (e) unauthorized use of trade secrets or confidential information; or (f) aiding a competitor of the Company or any Subsidiary.

2.03 "CODE" means the Internal Revenue Code of 1986, as it exists now and as it may be amended from time to time.

2.04 "COMMITTEE" means the committee comprised of two or more outside Directors appointed by the Board to administer the Plan. Each member of the Committee shall (a) be a member of the Board of Directors who has not at any time within one year prior thereto, or at any time during such member's term of service on the Committee, received any stock options, SARs or allocations of any equity securities under the Plan or any other plan maintained by the Company or any of its affiliates, except as permitted pursuant to the provisions of Rule 16b-3(c)(2)(i) of the Exchange Act or any successor rule thereof; and (b) be an outside Director as determined under Proposed Regulation 26 CFR Section 1.162-27(e)(3) or any final or successor regulation thereto. Once appointed, the Committee shall continue to serve until otherwise directed by the Board of Directors.

2.05 "COMMON STOCK" means the common stock of the Company, .01 par value.

2.06 "COMPANY" means TeleTech Holdings, Inc., a Delaware corporation, and any successor thereto.

2.07 "DIRECTOR" means a member of the Board.

2.08 "EXCHANGE ACT" means the Securities Exchange Act of 1934, as it exists now or from time to time may hereafter be amended.

2.09 "FAIR MARKET VALUE" means for the relevant day:

(a) If shares of Common Stock are listed or admitted to unlisted trading privileges on any national or regional securities exchange, the last reported sale price, regular way, on the composite tape of that exchange on the day Fair Market Value is to be determined;

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System ("NASDAQ System"), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

(c) If trading of the Common Stock is not reported by the NASDAQ System or on a stock exchange, Fair Market Value will be determined by the Committee in its discretion based upon the best available data.

2.10 "ISO" means incentive stock options within the meaning of Section 422 of the Code.

2.11 "NAKED SAR" means a SAR issued not in connection with an ISO or NSO.

2.12 "NSO" means non-qualified stock options, which are not intended to qualify under Section 422 of the Code.

2.13 "OPTION" means the right of a Participant, whether granted as an ISO or an NSO, to purchase a specified number of shares of Common Stock, subject to the terms and conditions of the Plan.

2.14 "OPTION DATE" means the date upon which an Option, SAR, Restricted Stock or Phantom Stock is awarded to a Participant under the Plan.

2.15 "OPTION PRICE" means the price per share at which an Option may be exercised.

2.16 "PARTICIPANT" means an individual to whom an Option, SAR, Phantom Stock or Restricted Stock has been granted under the Plan.

2.17 "PHANTOM STOCK" means a hypothetical share of Common Stock issued as phantom stock under the Plan.

2.18 "PLAN" means the TeleTech Holdings, Inc. Stock Plan, as set forth herein and as from time to time amended.

2.19 "RESTRICTED STOCK" means Common Stock awarded to a Participant pursuant to this Plan and subject to the restrictions contained in Section 9.

2.20 "SAR" means a stock appreciation right. A SAR may be a Naked SAR or a Tandem SAR.

2.21 "SECURITIES ACT" means the Securities Act of 1933, as it exists now or from time to time may hereinafter be amended.

2.22 "SUBSIDIARY" means any corporation or other entity of which the majority voting power or equity interest is owned directly or indirectly by the Company.

2.23 "TANDEM SAR" means a SAR associated with and issued in connection with an ISO or NSO.

2.24 RULES OF CONSTRUCTION.

(a) GOVERNING LAW. The construction and operation of this Plan are governed by the laws of the State of Delaware.

(b) UNDEFINED TERMS. Unless the context requires another meaning, any term not specifically defined in this Plan has the meaning given to it by the Code.

(c) HEADINGS. All headings in this Plan are for reference only and are not to be utilized in construing the Plan.

(d) GENDER. Unless clearly appropriate, all nouns of whatever gender refer indifferently to persons of any gender.

(e) SINGULAR AND PLURAL. Unless clearly inappropriate, singular terms refer also to the plural and VICE VERSA.

(f) SEVERABILITY. If any provision of this Plan is determined to be illegal or invalid for any reason, the remaining provisions shall continue in full force and effect and shall be construed and enforced as if the illegal or invalid provision did not exist, unless the continuance of the Plan in such circumstances is not consistent with its purposes.

(g) TERMINATION OF EMPLOYMENT. For all purposes of this Plan, an employee will have terminated employment with the Company when the employee's employment relationship with the Company and all of its subsidiaries is terminated. Additionally, with respect to consultants and independent contractors, for all purposes of the Plan such consultant's or independent contractor's "employment with the Company" shall be considered terminated upon the termination of any consulting or independent contractor agreement, or when the consultant or independent contractor no longer performs any services for the Company.

3. STOCK SUBJECT TO THE PLAN.

Except as otherwise provided in Section 13, the aggregate number of shares of Common Stock that may be issued under Options or as Restricted Stock under this Plan may not exceed 1,400,000 shares of Common Stock. Reserved shares may be either authorized but unissued shares or treasury shares, in the Board's discretion. If any awards hereunder shall terminate or expire, as to any number of shares, new ISOs, NSOs, and Restricted Stock may thereafter be awarded with respect to such shares. Except as otherwise provided in Section 13, the aggregate number of shares of Common Stock that may be issued under Options, as Restricted Stock, or upon which SARs or Phantom Stock may be awarded to any one individual Participant may not exceed 175,000 shares.

4. ADMINISTRATION.

The Plan shall be administered by the Committee. In addition to any other powers set forth in this Plan, the Committee has the exclusive authority:

(a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;

(b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;

(c) subject to the express provisions of the Plan, to determine the individuals who will receive awards of Options, Restricted Stock, Phantom Stock and/or SARs, the times when they will receive them, the number of shares to be subject to each award and the Option Price, payment terms, payment method, and expiration date applicable to each award;

(d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any awards of ISOs, NSOs, Restricted Stock, Phantom Stock and/or SARs;

(e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards of ISOs, NSOs, Restricted Stock, Phantom Stock and/or SARs granted thereunder as it may deem necessary or advisable;

(f) to determine the form in which payment of a SAR or a Phantom Stock award granted hereunder will be made (i.e., cash, Common Stock or a combination thereof) or to approve a participant's election to receive cash in whole or in part in settlement of the SAR or Phantom Stock award;

(g) to determine the form in which tax withholding under Section 16 of this Plan will be made; and

(h) to amend the Plan or any Option, Restricted Stock, Phantom Stock or SAR granted or awarded hereunder as may be necessary in order for any business combination involving the Company to qualify for pooling-of-interest treatment under APB No. 16.

5. ELIGIBLE EMPLOYEES.

Subject to the provisions of the Plan, the Committee shall determine from time to time those consultants, independent contractors, key employees, Officers or Directors of the Company or a Subsidiary who shall be designated as Participants and the number, if any, of Options,

SARs, Restricted Stock, and Phantom Stock, or any combination thereof, to be awarded to each such Participant; provided, however, that no ISOs or Tandem SARs granted with respect to ISOs, shall be awarded under the Plan after the expiration of the period of ten years from the date this Plan is adopted by the Board. In addition, no ISOs may be awarded to a Participant who is not an employee of the Company or a Subsidiary.

6. TERMS AND CONDITIONS OF INCENTIVE STOCK OPTIONS.

The Committee may in its discretion, grant ISOs to any Participant under the Plan; provided, however, that no ISOs may be granted to a Director or other Participant who is not an employee of the Company or a Subsidiary. Each ISO shall be evidenced by an agreement between the Company and the Participant. Each ISO agreement, in such form as is approved by the Committee, shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as the Committee may deem appropriate;

(a) OPTION PERIOD. Each ISO will expire as of the earliest of:

- (i) the date on which it is forfeited under the provisions of Section 12;
- (ii) 10 years (or five years as specified in Section 6(e)) from the Option Date;
- (iii) three months after the Participant's termination of employment for any reason other than death; or
- (iv) six months after the Participant's death.

(b) OPTION PRICE. Subject to the provisions of Section 6(e), the Option Price per share shall be determined by the Committee at the time any ISO is granted, and shall not be less than the Fair Market Value of the Common Stock subject to the ISO on the Option Date.

(c) OTHER OPTION PROVISIONS. The form of ISO authorized by the Plan may contain such other provisions as the Committee may, from time to time, determine; provided, however, that such other provisions may not be inconsistent with any requirements imposed on qualified stock options under Section 422 of the Code.

(d) LIMITATIONS ON AWARDS. The aggregate Fair Market Value, determined as of the Option Date, of Common Stock with respect to which ISOs are exercisable by a Participant for the first time during any calendar year under all ISO plans of the Company and any Subsidiary shall not exceed \$100,000.

(e) AWARDS TO CERTAIN STOCKHOLDERS. Notwithstanding Sections 6(a) and 6(b) hereof, if an ISO is granted to a Participant who owns stock representing more than 10% of the voting power of all classes of stock of the Company or a Subsidiary (as determined under the Code), the exercise period specified in the ISO agreement for which the ISO thereunder is granted shall not exceed five years from the Option Date, and the Option Price shall be at least 110% of the Fair Market Value (as of the Option Date) of the Common Stock subject to the ISO.

7. TERMS AND CONDITIONS OF NON-QUALIFIED STOCK OPTION.

The Committee may, in its discretion, grant NSOs to any Participant under the Plan. Each NSO shall be evidenced by an agreement between the Company and the Participant. Each NSO agreement, in such form as is approved by the Committee, shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan as the Committee may deem appropriate:

(a) OPTION PERIOD. Each NSO will expire as of the earliest of:

- (i) the date on which it is forfeited under the provisions of Section 12;
- (ii) the date three months after the Participant's termination of employment for any reason other than death; or
- (iii) the date six months after the Participant's death.

(b) OPTION PRICE. At the time when the NSO is granted, the Committee will fix the Option Price. The Option Price may be greater than, less than, or equal to Fair Market Value on the Option Date, as determined in the sole discretion of the Committee.

(c) OTHER OPTION PROVISIONS. The form of NSO authorized by the Plan may contain such other provisions as the Committee may from time to time determine.

8. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS.

The Committee may, in its discretion, grant a SAR to any Participant under the Plan. Each SAR shall be evidenced by an agreement between the Company and the Participant, and may be a Naked SAR or a Tandem SAR. Each SAR awarded to Participants under the Plan shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as the Committee shall deem appropriate:

(a) TANDEM SARS. Tandem SARs shall terminate on the same date as the related ISO or NSO. A Tandem SAR shall be exercisable only if the Fair Market Value of a share of Common Stock on the date of surrender exceeds the Option Price for the related Option, and then shall be exercisable to the extent, and only to the extent, that

the related Option is exercisable. A Tandem SAR shall entitle the Participant to whom it is granted the right to elect, so long as such Tandem SAR is exercisable and subject to such limitations as the Committee shall have imposed, to surrender any then exercisable portion of his related Option, in whole or in part, and receive from the Company in exchange, without any payment of cash (except for applicable employee withholding taxes), that number of shares of Common Stock having an aggregate Fair Market Value on the date of surrender equal to the product of (i) the excess of the Fair Market Value of a share of Common Stock on the date of surrender over the per share Option Price, and (ii) the number of shares of Common Stock subject to such Option or portion thereof which is surrendered. Any Option or portion thereof which is surrendered shall no longer be exercisable. The Committee, in its sole discretion, may allow the Company to settle all or part of the Company's obligation arising out of the exercise of a Tandem SAR by the payment of cash equal to the aggregate Fair Market Value of the shares of Common Stock which the Company would otherwise be obligated to deliver.

(b) NAKED SARs. Naked SARs shall terminate as provided in the Participant's SAR agreement. The Committee may at the time of granting any Naked SAR add such conditions and limitations to the Naked SAR as it shall deem advisable, including but not limited to, limitations on the period within which the Naked SAR shall be exercisable and the maximum amount of appreciation to be recognized with regard to such Naked SAR.

(c) OTHER CONDITIONS. If a Participant is subject to Section 16(a) and Section 16(b) of the Exchange Act, the Committee may at any time add such additional conditions and limitations to such SAR which the Committee, in its discretion, deems necessary or desirable in order to comply with Section 16(a) or Section 16(b) of the Exchange Act and the rules and regulations issued thereunder, or in order to obtain any exemption therefrom. If a Participant subject to Section 16(a) or Section 16(b) of the Exchange Act exercises a SAR and receives cash, the exercise must be made or take effect during the ten-day period beginning on the third business day after the release of quarterly or annual statements of sales and earnings by the Company and ending on the twelfth business day after such release of statements.

9. TERMS AND CONDITIONS OF RESTRICTED STOCK AWARDS.

The Committee, in its discretion, may grant Restricted Stock to any Participant under the Plan. Each grant of Restricted Stock shall be evidenced by an agreement between the Company and the Participant. All shares of Common Stock awarded to Participants under the Plan as Restricted Stock shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as the Committee shall deem appropriate:

(a) RESTRICTED PERIOD. Shares of Restricted Stock awarded to Participants may not be sold, transferred, pledged or otherwise encumbered before they vest. Subject to the provisions of subparagraphs (b) and (c) below and any other restrictions imposed by

law, the certificates for any shares of Restricted Stock that vest will be transferred to the Participant or, in the event of his death, to the beneficiary or beneficiaries designated by writing filed by the Participant with the Committee for such purpose or, if none, to his estate. Delivery of shares in accordance with the preceding sentence shall be made within the 30-day period after they vest.

(b) FORFEITURES. A Participant shall forfeit all unpaid accumulated dividends and all shares of Restricted Stock which have not vested prior to the date that his employment with the Company is terminated for any reason.

(c) CERTIFICATES DEPOSITED WITH COMPANY. Each certificate issued in respect of shares of Restricted Stock awarded under the Plan shall be registered in the name of the Participant and deposited with the Company. Each such certificate shall bear the following (or a similar) legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) relating to Restricted Stock contained in the TeleTech Holdings, Inc. Stock Plan and an agreement entered into between the registered owner and TeleTech Holdings, Inc. Copies of such Plan and agreement are on file at the principal office of TeleTech Holdings, Inc."

(d) STOCKHOLDER RIGHTS. Subject to the foregoing restrictions, each Participant shall have all the rights of a stockholder with respect to his shares of Restricted Stock including, but not limited to, the right to vote such shares.

(e) DIVIDENDS. On each Common Stock dividend payment date, each Participant shall receive an amount equal to the dividend paid on that date on a share of Common Stock, multiplied by his number of shares of Restricted Stock.

10. TERMS AND CONDITIONS OF PHANTOM STOCK.

The Committee may, in its discretion, award Phantom Stock to any Participant under the Plan. Each award of Phantom Stock shall be evidenced by an agreement between the Company and the Participant. The Committee may at the time of awarding any Phantom Stock add such additional conditions and limitations to the Phantom Stock as it shall deem advisable, including, but not limited to, the right for Participants to receive dividends equivalent to those paid on Common Stock, limitations on the period or periods within which the Phantom Stock may be surrendered, and the maximum amount of appreciation to be recognized with regard to such Phantom Stock. An award of Phantom Stock shall entitle the Participant to whom it is awarded the right to elect, so long as such Phantom Stock is vested and subject to such limitations as the Committee shall have imposed, to surrender any then vested portion of the Phantom Stock, in whole or in part, and receive from the Company in exchange therefor the Fair Market Value on

the date of surrender of the Common Stock to which the surrendered Phantom Stock relates in cash or in shares of Common Stock as the Committee may determine. If a Participant is subject to Section 16(a) and Section 16(b) of the Exchange Act, the Committee may at any time add such additional conditions and limitations to such Phantom Stock which, in its discretion, the Committee deems necessary or desirable in order to comply with Section 16(a) or Section 16(b) of the Exchange Act and the rules and regulations promulgated thereunder, or in order to obtain any exemption therefrom. If a Participant subject to Section 16(a) or Section 16(b) of the Exchange Act receives cash in exchange for the surrender of Phantom Stock, the surrender of such Phantom Stock must be made or take effect during the ten-day period beginning on the third business day after the release of quarterly or annual statements of sales and earnings by the Company and ending on the twelfth business day after such release of statements.

11. MANNER OF EXERCISE OF OPTIONS.

To exercise an Option in whole or in part, a Participant (or, after his death, his executor or administrator) must give written notice to the Committee, stating the number of shares to which he intends to exercise the Option. The Company will issue the shares with respect to which the Option is exercised upon payment in full of the Option Price. The Option Price may be paid (i) in cash, (ii) in shares of Common Stock having an aggregate Fair Market Value, as determined on the date of delivery, equal to the Option Price, or (iii) by delivery of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds necessary to pay for all Common Stock acquired through such exercise and any tax withholding obligations resulting from such exercise. The Option Price may be paid in shares of Common Stock which were received by the Participant upon the exercise of one or more Options. The Option Price may be paid in shares of Common Stock which were received by the Participant as an award of Restricted Stock under the Plan. The Option Price may be paid by surrender of Tandem SARs equal to the Option Price.

12. VESTING.

A Participant may not exercise an Option or surrender a SAR or Phantom Stock until it has become vested. The portion of an Option, SAR or Phantom Stock award that is vested depends upon the period that has elapsed since the Option Date. Unless the Committee establishes a different vesting schedule at the time when an Option is granted or the Restricted Stock, SAR or Phantom Stock is awarded, all Options granted under this Plan, Restricted Stock, SARs, and Phantom Stock awarded under this Plan shall vest according to the following schedule:

Period Elapsed	Vested Percentage
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First Anniversary of Option Date	10%
Second Anniversary of Option Date	25%
Third Anniversary of Option Date	45%
Fourth Anniversary of Option Date	70%
Fifth Anniversary of Option Date	100%

Except as provided below, if a Participant terminates either his employment with the Company or its Subsidiaries, for any reason, he forfeits any Options, Restricted Stock, SARs and/or Phantom Stock that are not yet vested. A transfer from the Company to a Subsidiary or affiliate, or VICE VERSA is not a termination of employment for purposes of this Plan. Unless the Committee in its sole discretion specifically waives the application of this sentence, then notwithstanding the vesting schedule contained herein or in the Participant's agreement, if the Participant's employment, or if a Director, his membership on the Board, is terminated for Cause all Options, SARs, Restricted Stock and/or Phantom Stock granted or awarded to the Participant will be immediately cancelled and forfeited by the Participant upon delivery to him of notice of such termination.

13. ADJUSTMENTS TO REFLECT CHANGES IN CAPITAL STRUCTURE.

If there is any change in the corporate structure or shares of the Company, the Board of Directors may, in its discretion, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options, Restricted Stock, Phantom Stock and/or SARs, in the number and kind of shares covered thereby and in the applicable Option Price; provided, however, no adjustment will be made for the issuance of preferred stock or the conversion of convertible preferred stock. For the purpose of this Section 13, a change in the corporate structure or shares of the Company includes, without limitation, any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

14. NON-TRANSFERABILITY OF OPTIONS, SARs AND PHANTOM STOCK.

The Options and SARs granted or Phantom Stock awarded under the Plan are not transferable, voluntarily or involuntarily, other than by will or the laws of descent and distribution, or to the extent permissible under Section 422 of the Code pursuant to a qualified domestic relations order as defined in Section 414(p) of the Code. During a Participant's lifetime, his Options may be exercised only by him.

15. RIGHTS AS STOCKHOLDER.

No Common Stock may be delivered upon the exercise of any Option until full payment has been made and all income tax withholding requirements thereon have been satisfied. A Participant has no rights whatsoever as a stockholder with respect to any shares covered by an Option until the date of the issuance of a stock certificate for the shares. A Participant who has been granted SARs or Phantom Stock shall have no rights whatsoever as a stockholder with respect to such SARs or Phantom Stock.

16. WITHHOLDING TAX.

The Company shall have the right to withhold in cash or shares of Common Stock with respect to any payments made to Participants under the Plan any taxes required by law to be withheld because of such payments. With respect to a Participant subject to Section 16(a) or 16(b), withholding made in Common Stock upon the exercise of an Option, or the exercise of a SAR or Phantom Stock which the Participant had the discretion regarding the timing of exercise, must be made or take effect during the period beginning on the third business day following the release of quarterly or annual statements of sales and earnings by the Company and ending on the twelfth business day after such release of statements. Notwithstanding the foregoing, with respect to a Participant subject to Section 16(a) or 16(b) of the Exchange Act, all amounts required to be withheld upon either (i) the vesting of Restricted Stock or (ii) the exercise of a SAR or surrender of Phantom Stock which had a set duration and for which payment is made in Common Stock, shall automatically be withheld in Common Stock otherwise deliverable to the Participant and having a Fair Market Value determined on the date the income is includable in the Participant's income equal to the amount of taxes required to be withheld.

17. NO RIGHT TO EMPLOYMENT.

Participation in the Plan will not give any Participant a right to be retained as an employee of the Company or any subsidiary, or any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

18. AMENDMENT OF THE PLAN.

The Committee may from time to time amend or revise the terms of this Plan in whole or in part and may without limitation, adopt any amendment deemed necessary; provided, however, that (a) except as provided in Section 4(h), no change in any award previously granted to a Participant may be made that would impair the rights of the Participant without the Participant's consent, (b) no amendment may extend the period during which a Participant may exercise an ISO beyond the period set forth in Section 6(a)(ii) or 6(e), and (c) the Committee may not (i) change the aggregate number of shares that may be sold pursuant to Options granted under the Plan (except in accordance with the provisions of Section 14), (ii) change the class of eligible individuals who may receive awards under the Plan, (iii) adopt any amendment affecting the Option Price at which Options may be granted, or (iv) materially increase benefits accruing

to participants under the Plan without approval of the Company's stockholders. Approval of the Company's stockholders to any amendment under part (c)(i) shall require a favorable vote by the majority of the shares of the Company's Common Stock and preferred stock voting separately as a class, and to all other amendments requiring stockholder approval shall require a vote of the majority of the shares of the Company's Common Stock and preferred stock voting together as one class, present in person or by proxy at a duly held stockholders meeting or by written consent. If any amendment requiring stockholder approval for the Committee to act under part (c) of the previous sentence is made subsequent to the first registration of any class of equity securities by the Company under Section 12 of the Exchange Act, such stockholder approval shall be solicited as described in Section 19. All amendments shall be in writing and consented to by a majority of the members of the Committee.

19. STOCKHOLDER APPROVAL.

Continuance of the Plan shall be subject to approval by the stockholders of the Company within 12 months before or after the date the Plan is adopted by the Committee in accordance with Rule 16b-3(b) of the Exchange Act. If such stockholder approval is obtained at a duly held stockholder's meeting, it may be obtained by the affirmative vote of the holders of a majority of the shares of the Company's common stock present at the meeting or represented and entitled to vote thereon.

20. CONDITIONS UPON ISSUANCE OF SHARES.

An Option shall not be exercisable, a share of Common Stock shall not be issued pursuant to the exercise of an Option, and Restricted Stock shall not be awarded until such time as the Plan has been approved by the Stockholders of the Company and unless the award of Restricted Stock, exercise of such Option and the issuance and delivery of such share pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Stock is being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

21. EFFECTIVE DATE AND TERMINATION OF PLAN.

21.1 EFFECTIVE DATE. This Plan is effective as of the later of the date of its adoption by the Committee, or the date it is approved by the stockholders of the Company, pursuant to Section 19.

21.2 TERMINATION OF THE PLAN. The Committee may terminate the Plan at any time with respect to any shares that are not then subject to Options or Restricted Stock. Termination of the Plan will not affect the rights and obligations of any Participant with respect to Options, SARs, Phantom Stock or Restricted Stock awarded before termination.

TELETECH HOLDINGS, INC.
DIRECTORS STOCK OPTION PLAN

1. PREAMBLE.

TeleTech Holdings, Inc., a Delaware corporation (the "Company"), hereby establishes the TeleTech Holdings, Inc. Directors' Stock Plan (the "Plan") as a means whereby the Company may, through automatic grants of non-qualified stock options provide Directors of the Company with an additional incentive to promote the success of the Company's business.

The provisions of this Plan do not apply to or affect any option, stock appreciation right, or stock heretofore or hereafter granted under any other stock plan of the Company or any subsidiary, and all such options, stock appreciation right or stock continue to be governed by and subject to the applicable provisions of the plan or agreement under which they were granted.

2. DEFINITIONS.

2.01 "BOARD" or "BOARD OF DIRECTORS" means the board of directors of the Company.

2.02 "CAUSE" means, as determined in the sole discretion of the Board, a Participant's (a) commission of a felony; (b) dishonesty or misrepresentation involving the Company or any Subsidiary; (c) serious misconduct in the performance or non-performance of Participant's responsibilities as a Director; (d) unauthorized use of trade secrets or confidential information; or (e) aiding a competitor of the Company or any Subsidiary.

2.03 "CODE" means the Internal Revenue Code of 1986, as it exists now and as it may be amended from time to time.

2.04 "COMMITTEE" means the committee comprised of two or more outside Directors appointed by the Board to administer the Plan. Each member of the Committee shall be a member of the Board of Directors who has not at any time within one year prior thereto, or at any time during such member's term of service on the Committee, received any stock options, stock appreciation rights or allocations of any equity securities under the Plan or any other plan maintained by the Company or any of its affiliates, except as permitted pursuant to the provisions of Rule 16b-3(c)(2)(i) of the Exchange Act or any successor rule thereof. Once appointed, the Committee shall continue to serve until otherwise directed by the Board of Directors.

2.05 "COMMON STOCK" means the common stock of the Company, \$0.01 par value.

2.06 "COMPANY" means TeleTech Holdings, Inc., a Delaware corporation, and any successor thereto.

2.07 "DIRECTOR" means a member of the Board.

2.08 "EXCHANGE ACT" means the Securities Exchange Act of 1934, as it exists now or from time to time may hereafter be amended.

2.09 "FAIR MARKET VALUE" means for the relevant day:

(a) If shares of Common Stock are listed or admitted to unlisted trading privileges on any national or regional securities exchange, the last reported sale price, regular way, on the composite tape of that exchange on the day Fair Market Value is to be determined;

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System ("NASDAQ System"), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

(c) If trading of the Common Stock is not reported by the NASDAQ System or on a stock exchange, Fair Market Value will be determined by the Committee in its discretion based upon the best available data.

2.10 "OPTION" means the right of a Participant to purchase a specified number of shares of Common Stock, subject to the terms and conditions of the Plan.

2.11 "OPTION DATE" means the date upon which an Option is awarded to a Participant under the Plan.

2.12 "OPTION PRICE" means the price per share at which an Option may be exercised.

2.13 "PARTICIPANT" means an individual to whom an Option has been granted under the Plan.

2.14 "PLAN" means the TeleTech Holdings, Inc. Directors' Stock Option Plan, as set forth herein and as from time to time amended.

2.15 "SECURITIES ACT" means the Securities Act of 1933, as it exists now or from time to time may hereinafter be amended.

2.16 "SUBSIDIARY" means any corporation or other entity of which the majority voting power or equity interest is owned directly or indirectly by the Company.

2.17 RULES OF CONSTRUCTION.

(a) GOVERNING LAW. The construction and operation of this Plan are governed by the laws of the State of Delaware.

(b) UNDEFINED TERMS. Unless the context requires another meaning, any term not specifically defined in this Plan has the meaning given to it by the Code.

(c) HEADINGS. All headings in this Plan are for reference only and are not to be utilized in construing the Plan.

(d) GENDER. Unless clearly appropriate, all nouns of whatever gender refer indifferently to persons of any gender.

(e) SINGULAR AND PLURAL. Unless clearly inappropriate, singular terms refer also to the plural and VICE VERSA.

(f) SEVERABILITY. If any provision of this Plan is determined to be illegal or invalid for any reason, the remaining provisions shall continue in full force and effect and shall be construed and enforced as if the illegal or invalid provision did not exist, unless the continuance of the Plan in such circumstances is not consistent with its purposes.

3. STOCK SUBJECT TO THE PLAN.

Except as otherwise provided in Section 9, the aggregate number of shares of Common Stock that may be issued under Options under this Plan may not exceed 150,000 shares of Common Stock. Reserved shares may be either authorized but unissued shares or treasury shares, in the Board's discretion. If any awards hereunder shall terminate or expire, as to any number of shares, new Options may thereafter be awarded with respect to such shares.

4. ADMINISTRATION.

The Plan shall be administered by the Committee. In addition to any other powers set forth in this Plan, the Committee has the exclusive authority:

(a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;

(b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;

(c) subject to the express provisions of the Plan, to determine payment terms and payment method applicable to each Option;

(d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any Options;

(e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards of Options granted thereunder as it may deem necessary or advisable;

(f) to determine the form in which tax withholding under Section 12 of this Plan will be made; and

(g) to take any action necessary, including amendment of the Plan or any Option, as required in order for a transaction to qualify for pooling of interest accounting treatment.

5. DIRECTOR STOCK OPTIONS.

(a) Each Director who is not otherwise an employee of the Company and, after the Company registers shares of Common Stock under either the Securities Act or Exchange Act, is not a beneficial owner of 5% or more of the outstanding Common Stock (as determined in accordance with Rule 13d-3 of the Exchange Act) shall be granted automatically Options to purchase (i) on the effective date of the Plan 5,000 shares of Common Stock for service as a Director for 1995 and 5,000 shares of Common Stock for service as a Director during 1996, (ii) on the effective date of the Plan 2,500 shares of Common Stock for each Board committee upon which a Director served during 1995 and 2,500 shares of Common Stock for each Board Committee upon which a Director served for 1996, (iii) 2,500 shares of Common Stock upon the Director's initial election to the Board; provided such Director is elected after the effective date of the Plan, and (iv) 2,500 shares of Common Stock for service as a Director and 1,250 shares of Common Stock for each Board Committee upon which a Director serves for each year thereafter on the date of each annual meeting of the Stockholders of the Company; provided, however, that a Director who is not re-elected as a Director at the annual meeting of Stockholders shall not receive a grant of Options on that date.

(b) Options granted pursuant to Section 5(a) (i) and (ii) shall have an exercise price of \$25 per share. Options granted pursuant to Section 5(a)(iii) and (iv) shall have an exercise price per share equal to 100% of the Fair Market Value of the Common Stock on the Option Date.

(c) An Option shall be granted hereunder only if as of each Option Date the Director (i) is not otherwise an employee of the Company or any Subsidiary, (ii) has not been an employee of the Company or any Subsidiary for any part of the preceding fiscal year, and (iii) has served on the Board continuously since the commencement of his or her term.

(d) In the event that the number of shares of Common Stock available for future grant under the Plan is insufficient to make all automatic grants required to be made on such date, then all Directors entitled to a grant on such date shall share ratably in the number of Options on shares available for grant under the Plan.

6. OPTION PERIOD.

An Option may not be exercised until six months after the Option Date. Each Option will expire as of the earliest of:

(a) the date the Participant's membership on the Board is terminated for Cause;

(b) the date one year after the Participant's death; or

(c) ten years from the Option Date.

7. MANNER OF EXERCISE OF OPTIONS.

To exercise an Option in whole or in part, a Participant (or, after his death, his executor or administrator) must give written notice to the Committee, stating the number of shares to which he intends to exercise the Option. The Company will issue the shares with respect to which the Option is exercised upon payment in full of the Option Price. The Option Price may be paid (i) in cash, (ii) in shares of Common Stock having an aggregate Fair Market Value, as determined on the date of delivery, equal to the Option Price, or (iii) by delivery of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds necessary to pay for all Common Stock acquired through such exercise and any tax withholding obligations resulting from such exercise.

8. VESTING.

Each Option granted pursuant to Section 5(a)(i) and (ii) shall be 100% vested on May 11, 1996; provided the Participant is a Director on such date. If the Participant is not a Director on May 11, 1996, then he shall forfeit any Options granted pursuant to Section 5(a)(i) and (ii). Each Option granted pursuant to Section 5(a)(iii) and (iv) shall be 100% vested as of the Option Date.

9. ADJUSTMENTS TO REFLECT CHANGES IN CAPITAL STRUCTURE.

If there is any change in the corporate structure or shares of the Company, the Board of Directors may, in its discretion, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options, in the number and kind of shares covered thereby and in the applicable Option Price; provided, however, no adjustment will be made for the issuance of preferred stock or the conversion of convertible preferred stock. For the purpose of this Section 9, a change in the corporate structure or shares of the Company includes, without limitation,

any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

10. NON-TRANSFERABILITY OF OPTIONS.

The Options granted under the Plan are not transferable, voluntarily or involuntarily, other than by will or the laws of descent and distribution. During a Participant's lifetime, his Options may be exercised only by him.

11. RIGHTS AS STOCKHOLDER.

A Participant has no rights whatsoever as a stockholder with respect to any shares covered by an Option until the date of the issuance of a stock certificate for the shares. No Common Stock may be delivered upon the exercise of any Option until full payment has been made and all income tax withholding requirements thereon, if any, have been satisfied.

12. WITHHOLDING TAX.

The Company shall have the right to withhold in cash or shares of Common Stock with respect to any payments made to Participants under the Plan any taxes required by law to be withheld because of such payments. With respect to a Participant subject to Section 16(a) or 16(b), withholding made in Common Stock upon the exercise of an Option, which the Participant had the discretion regarding the timing of exercise, must be made or take effect during the period beginning on the third business day following the release of quarterly or annual statements of sales and earnings by the Company and ending on the twelfth business day after such release of statements.

13. AMENDMENT OF THE PLAN.

The Committee may from time to time amend or revise the terms of this Plan in whole or in part and may without limitation, adopt any amendment deemed necessary; provided, however, that (a) unless, necessary to comply with any pooling of interest requirements, no change in any award previously granted to a Participant may be made that would impair the rights of the Participant without the Participant's consent, (b) the provisions of paragraph (a) of Section 5 may not be amended more often than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder and (c) the Committee may not (i) change the aggregate number of shares that may be issued upon exercise of Options granted under the Plan (except in accordance with the provisions of Section 9), (ii) change the class of eligible individuals who may receive Options under the Plan, (iii) adopt any amendment affecting the Option Price at which Options may be granted, or (iv) materially increase benefits accruing to participants under the Plan without approval of the Company's stockholders. Approval of the Company's stockholders to

any amendment under part (c)(i) shall require a favorable vote by the majority of the shares of the Company's Common Stock and preferred stock voting separately as a class, and to all other amendments requiring stockholder approval shall require a vote of the majority of the shares of the Company's Common Stock and preferred stock voting together as one class, present in person or by proxy at a duly held stockholders meeting or by written consent. If any amendment requiring stockholder approval for the Committee to act under part (c) of the previous sentence is made subsequent to the first registration of any class of equity securities by the Company under Section 12 of the Exchange Act, such stockholder approval shall be solicited as described in Section 14. All amendments shall be in writing and consented to by a majority of the members of the Committee.

14. STOCKHOLDER APPROVAL.

The Plan shall be subject to approval by the stockholders of the Company. Such approval shall be obtained in accordance with Rule 16b-3(b) of the Exchange Act.

15. CONDITIONS UPON ISSUANCE OF SHARES.

An Option shall not be exercisable and a share of Common Stock shall not be issued pursuant to the exercise of an Option, until such time as the Plan has been approved by the stockholders of the Company. The exercise of any Option and the issuance and delivery of such share pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Stock is being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

16. EFFECTIVE DATE. This Plan shall not become effective and no Option shall be granted pursuant hereto until the later of (a) the date of its adoption by the Committee, or (b) the date it is approved by the stockholders of the Company, pursuant to Section 14.

17. TERMINATION OF THE PLAN. The Committee may terminate the Plan at any time with respect to any shares that are not then subject to Options. Termination of the Plan will not affect the rights and obligations of any Participant with respect to Options, awarded before termination.

FIRST UNION
MANAGEMENT, INC.

LEASE

NORTH VALLEY CENTER

TELETECH TELESERVICES, INC.
AND
TELETECH HOLDINGS, INC.

THIS LEASE, made and entered into as of the Date of Lease, by and between FIRST UNION MANAGEMENT, INC., a Delaware corporation, hereinafter referred to as "Landlord", and TELETECH TELESERVICES, INC., a Colorado corporation, and TELETECH HOLDINGS, INC., a Delaware corporation, jointly and severally, hereinafter referred to as "Tenant".

W I T N E S S E T H:

In consideration of the covenants and agreements hereinafter set forth, to be performed by the parties hereto, it is agreed by and between Landlord and Tenant as follows:

1. DEFINITIONS AND BASIC TERMS. In addition to other terms which are defined in subsequent paragraphs of this Lease, the following terms, whenever set forth in initial capitals in this Lease, shall have the meanings set forth hereinbelow, except as otherwise expressly provided therein, or unless the context otherwise requires:

- (a) Date of Lease: The date on which Landlord executes the Lease, as set forth on page 13 hereof.
- (b) Landlord's Mailing Address: 55 Public Square, Suite 1910
Cleveland, Ohio 44113
- (c) Tenant's Mailing Address: 1700 Lincoln Street, 14th Floor
Denver, Colorado 80203
- (d) Building: The enclosed building areas in the
Center, as shown on Exhibit A-1 attached
hereto.
- (e) Premises: The space on the second floor of the portion of the Building known as the "Burlington Building", containing approximately 53,000 useable square feet (56,180 rentable square feet), (but subject to remeasurement as provided under Paragraph 61 hereof), as hatched or outlined on the floor plan attached hereto as Exhibit A-1.
- (f) Term: Eight (8) Years.
- (g) Commencement Date: The Term shall commence on the earlier of 1) December 1, 1995, or the date Landlord tenders possession of the Premises to Tenant with Landlord's Work substantially completed, whichever is later; or 2) the date Tenant commences to operate the Permitted Use from the Premises.
- (h) Termination Date: The Term shall terminate on November 30, 2003.
- (i) Base Rent: Six Hundred Seventy-Six Thousand Nine Hundred Sixty-Nine and 00/100 Dollars (\$676,969.00) per annum (equal to \$12.05 per square foot), payable in equal monthly installments, in advance, at the rate of Fifty-Six thousand Four Hundred Fourteen and 08/100 Dollars (\$56,414.08) per month.
- (j) Rent: The Base Rent or Adjusted Base Rent, as the case may be, and any other charges or sums payable hereunder.
- (k) Security Deposit: N/A

- (l) Tenant's Share: The percentage which the rentable area of the Premises is of the total leased area of the Center. For purposes of calculating Tenant's Share, the square footage comprising the area presently occupied by Montgomery Ward shall be excluded from the total square footage of the Center. As of the Commencement Date, the Building has 452,300 total square feet, of which 148,670 is occupied by Montgomery Ward, leaving a difference of 303,630 square feet. Although the denominator in the calculation of Tenant's Share shall be that portion of the 303,630 square foot actually leased, in no event shall the denominator be less than 288,448 square feet (reflecting a minimum 95% assumed occupancy level). As of the Commencement Date, Tenant's Share is therefore agreed to be 19.48%. In the event that additional areas shall be included under this Lease, or that the total leased area of the Building is changed, said agreed percentage shall be proportionately adjusted, (but recognizing a minimum 95% assumed occupancy level).
- (m) Permitted Use: General office and teleservicing services.
- (n) Base Year: The full calendar year commencing January 1, 1996, and ending December 31, 1996.
- (o) Comparison Year: The first full calendar year following the Base Year and each subsequent full calendar year during which this Lease shall continue in effect.
- (p) Operating Expenses: All expenses incurred during the year, whether the Base Year or a Comparison Year, in respect to the operation, improvement, repair, replacement and maintenance of the Center, including but without limitation, (i) the cost of utilities, heat, air-conditioning, insurance, labor, cleaning materials and supplies, and security, if any; (ii) expenses for management, maintenance of elevators and mechanical systems, rubbish removal, window washing and other services, and roof repairs and replacements (but not the replacement of the entire roof); (iii) the operation, improvement, repair, replacement and maintenance of the Common Areas and Facilities including all surfaces, floor and wall coverings, decorative items, and window coverings, lighting facilities and exteriors; and (iv) the cost of any operation, improvement, repairs, replacements or maintenance which does not materially add to the value of the Center nor appreciably prolong its life, but merely keeps it in ordinarily efficient operating condition. To the extent Landlord, in its discretion, elects to amortize any such operation, improvement, repair, replacement, or maintenance, said improvement may be amortized over a reasonable number of years, with an appropriate finance charge, all of which shall be considered an operating expense. Operating expenses shall specifically exclude (i) ground lease and debt service payments; (ii) the cost of items which would, in accordance with generally accepted accounting principles, be capitalized; (iii) items for which Landlord is reimbursed by insurance to the extent of such reimbursement; (iv) the cost of tenant improvements which do not generally benefit all tenants at the Center; (v) the cost of repairing defects in construction workmanship or materials which are covered by warranty; (vi) accounting and legal fees related to new leases and disputes with current or past tenants; and (vii) leasing and brokerage commissions.
- (q) Taxes: Taxes and assessments, special or otherwise, (including all expenses incurred in connection with disputing the amounts thereof) and sewer charges, if any, levied or assessed upon or with respect to

the Center and the land upon which it is located, (but excluding those portions of the Center which are separately assessed by the taxing authorities, including the portion of the Building occupied by Montgomery Ward as of the Commencement Date), or upon or against the rent payable hereunder or the privilege of leasing real property.

- (r) Common Areas and Facilities: Areas to be used in common with other tenants of the Center, including, but not limited to, the lobbies, vestibules, stairways, corridors, passenger and freight elevators, truck docks, and access roads.
- (s) Electric Charge: \$108,909.20 per annum (\$1.94 per rentable square foot).
- (t) Center: The North Valley Center, as described on Exhibit A attached hereto.

2. PREMISES; TERM.

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, to have and to hold for the Term and upon the conditions, covenants, and agreements hereinafter set forth.

(b) Tenant shall have a nonexclusive right to use the Common Areas and Facilities of the Center, but subject to paragraph 17 hereof. Nothing herein contained shall be construed as a demise by Landlord to Tenant of the roof or exterior walls of the Building, of space outside the Premises, or of any air rights above or outside of the Premises or of the Common Areas and Facilities.

(c) The useable square feet of the Premises, indicated in Paragraph 1(e), is computed by BOMA standards. No deductions shall be made for columns and projections necessary to the Building. The rentable square feet of the Premises, indicated in paragraph 1(e), is the useable square feet of the Premises plus a six percent (6%) additional area reflecting a share of the Common Areas and Common Facilities of the Building.

3. POSSESSION. Landlord shall not be subject to liability for the failure to deliver possession on the Commencement Date, and such failure shall not affect the validity of this Lease nor the obligations of Tenant hereunder nor extend the Term hereof; however, the Rent reserved hereunder shall not commence to accrue until possession of the Premises is tendered to Tenant. If Landlord is unable to deliver timely possession of the Premises to Tenant due to delays occasioned by Tenant, the Rent reserved shall commence on the date possession of the Premises would have been delivered but for the delays of Tenant. Tenant shall be permitted access to the Premises prior to the Commencement Date at Tenant's risk to prepare the Premises for the Permitted Use. In the event, due to the negligence or wrongful acts of Landlord or Landlord's agents or employees Tenant is unable to open for business at the Premises by January 1, 1996, Landlord shall pay to Tenant all documented expenses incurred by Tenant as a result of such delay.

4. RENT. Tenant shall pay Landlord the Rent, without deduction or offset, in lawful money of the United States, in advance, on the first day of each calendar month during the Term, at Landlord's Mailing Address, or at such other place as Landlord may from time to time designate in writing. The installment of Rent payable for any partial calendar month shall be pro-rated based upon a full calendar month. Checks delivered in payment of Rent shall not constitute payment until paid by the drawee. The covenant of Tenant to pay Rent hereunder shall be independent of any other covenant contained in this Lease.

5. RENT ESCALATION.

(a) There shall be added to the Base Rent for each Comparison Year, Tenant's Share of the net aggregate increase, if any, in the amount of Operating Expenses and Taxes for the Comparison Year over those for the Base Year, which Base Rent as so increased shall herein be referred to as the "Adjusted Base Rent". The Adjusted Base Rent for any Comparison Year shall serve as the basis for an estimate of the Adjusted Base Rent to become due for the next Comparison Year until the computation for that Comparison Year is made. The difference between the actual amount of the increase or decrease in Operating Expenses and Taxes for any Comparison Year and the estimated Adjusted Base Rent for such Comparison Year shall be paid by or to Tenant in a lump sum promptly upon presentation by Landlord to Tenant of a statement of said adjustment and a summary of Operating Expenses. After an Adjusted Base Rent has been established, it shall be due retroactively to the beginning of the calendar year and the remaining monthly installment shall be adjusted accordingly. The amount which Tenant is required to pay for Operating Expenses and Taxes in accordance with the foregoing shall be prorated, on a calendar year basis, for any partial year of the Term.

With respect to Taxes, the statement of adjustment shall reflect, as of the date prepared, the Taxes incurred for the Base Year and for the Comparison Year, whether the same shall be definitive or subject to subsequent revision. Should the Taxes for the Base Year or for any Comparison Year, determined as above, be subsequently reduced or increased, Landlord shall recompute the Taxes using the amount of the Taxes for the Base Year, as so reduced or increased for all Comparison Years prior to the Comparison Year in which the reduction or increase is granted, and all changes of Adjusted Base Rent due from Tenant by reason thereof shall be payable within thirty (30) days after the statement therefor is rendered to Tenant. Notwithstanding anything herein to the contrary, any increase in Taxes solely resulting from a sale or refinancing of the Center shall not be recognized in calculating Tenant's share of Taxes.

(b) Landlord shall keep and make available to Tenant, at any reasonable time during business hours, for a period of sixty (60) days after statements for rental payments are rendered to Tenant, records, in reasonable detail, of Operating Expenses and Taxes for the period covered by such statement, or statements. If Tenant shall not dispute any item, or items, of any such statement within thirty (30) days next after such statement has been rendered, Tenant shall be deemed to have approved such statement.

(c) Notwithstanding anything herein to the contrary, for purposes of calculating Tenant's Share of Operating Expenses, increases in total Operating Expenses of the Center, exclusive of utilities and insurance costs, shall be capped at 4% per annum. However, to the extent increases in said portion of the Operating Expenses are less than 4% in any year, the difference between the actual increase and 4% (the "Reserve") shall accumulate, and all or a portion of the Reserve may be used in subsequent years to make up any difference between the actual increase in such Operating Expenses and 4%.

6. SECURITY DEPOSIT. Intentionally omitted.

7. PERSONAL PROPERTY AND BUSINESS TAXES. Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon fixtures and all property

of Tenant located in the Premises. When possible, Tenant shall cause said fixtures and property to be assessed and billed separately from the real property of which the Premises form a part. In the event any or all of Tenant's fixtures and property shall be assessed and taxed against Landlord, then Tenant shall pay said taxes within ten (10) days after delivery to Tenant by Landlord of a written statement setting forth the amount of such taxes applicable to Tenant's fixtures and property. Tenant shall pay, prior to delinquency, all license fees and taxes which may be imposed upon the business of Tenant conducted in the Premises.

8. USE. Absent the prior written consent of Landlord, Tenant shall not use or occupy the Premises other than for the Permitted Use. Tenant shall not use or occupy the Premises in violation of any law or of the certificate of occupancy issued for the Building. Upon five (5) days' written notice from Landlord, Tenant shall discontinue any use of the Premises which is declared unlawful or which imposes any duty upon Landlord. Tenant shall not permit anything to be done, which will invalidate or increase the cost of any insurance covering the Center, the Building or property located therein. Upon receipt of a statement from Landlord's insurance carrier, Tenant shall promptly reimburse Landlord for any additional premium charged by reason of Tenant's failure to comply with the provisions hereof. Landlord agrees that, providing Tenant is continuously operating from the Premises, it will not lease additional space in the Center to a tenant whose primary business is the provision of high-volume inbound toll-free customer service and technical support services on behalf of third party customers or entities unrelated to such third party customers or entities requesting such services. Landlord further agrees that, providing Tenant is continuously operating from the Premises, it will not lease additional space in the Center to a tenant providing for such third party customers or entities, as its primary business, telephonic outbound operations relating primarily to database development, marketing research, third party telecommunications carrier call verification services, and the sale of telecommunications services and software products, services and support, so long as such tenants utilize over 200 telephone workstations at any given time. In the event Landlord does lease other space in the Center to such other tenant, following written notice to Landlord, as and for Tenant's sole remedy Base Rent otherwise due of Tenant shall be reduced by \$10.00 for each square foot of space leased to such other tenant.

9. ALTERATIONS AND IMPROVEMENTS. Landlord agrees to perform Landlord's Work in accordance with all terms and conditions set forth in the Work Letter attached hereto and with all applicable laws, ordinances, rules and regulations. Tenant agrees to perform any further alterations or improvement in accordance with plans and specifications prepared by a certified architect, all at Tenant's sole cost and expense, subject to Landlord's prior approval, and all applicable laws, ordinances, rules and regulations. Tenant shall forward to Landlord, prior to commencing any alteration or improvement to the Premises, three (3) sets of blueprints and one (1) set of sepias of Tenant's proposed work. Provided such documentation is sent to Landlord by certified mail or overnight mail, and further provided Landlord fails to provide Tenant with approval or constructive comments within fifteen (15) days of Landlord's receipt thereof, as evidenced by the official return receipt, approval shall be deemed given. Landlord may at its sole discretion impose requirements upon the manner of performance of any work by or for Tenant. All work shall be performed in a good and workmanlike manner using quality material and shall be promptly completed, lien-free, by a contractor who is insured, and pre-approved by Landlord. Prior to the commencement of such work, Tenant agrees to deliver to Landlord a Certificate of Worker's Compensation insurance in statutory limits from each contractor and subcontractor as well as evidence of automobile insurance, including "non-owned" automobiles, covering personal injury, bodily injury and property damage including death resulting therefrom, in the amount of \$1,000,000.00 combined single limit and comprehensive general liability in the amount of \$1,000,000.00 combined single limit, with Landlord as an additional named insured.

Prior to occupancy of the Premises, Landlord shall provide Tenant with manufacturer's warranties and those given to Landlord by contractors performing Landlord's Work. As to any Tenant's Work, Tenant shall provide Landlord with properly completed lien waivers executed by Tenant's general contractor, every subcontractor and laborer participating in Tenant's work, and every material supplier delivering materials directly to the Premises. Tenant's failure to provide said lien waivers within thirty (30) days after the completion of the renovation work may be deemed a material default of this Lease. Tenant shall also submit a Certificate of Occupancy to Landlord upon demand therefor. Tenant shall provide Landlord with all reasonably requested documentation necessary to allow Landlord to claim any applicable investment tax credit under the Internal Revenue Code.

10. OWNERSHIP OF IMPROVEMENTS. All alterations and improvements in or upon the Premises, made by either party (except to Tenant's personal property, furniture and furnishings, signs and trade fixtures), shall become the property of Landlord and shall be surrendered with the Premises as provided for herein.

11. REPAIRS TO PREMISES.

(a) Landlord's obligation to make repairs to the Premises shall pertain only to the structural portions of the floor, ceiling, and perimeter walls, and HVAC systems, plumbing and wiring not in each instance exclusively serving the Premises, unless the necessity for such repairs shall have been occasioned by the Tenant or any permitted subtenant or licensee of Tenant, or their respective employees, agents, contractors or any person, firm or corporation acting on its behalf. In such event, Tenant agrees to make such repairs at Tenant's sole cost and expense. Landlord shall not be required to commence any repair until after written notice from Tenant, except in case of an emergency. Tenant shall allow Landlord a reasonable time in which to commence and complete such repairs. Landlord shall use all reasonable efforts to make such repairs, with a minimum of inconvenience, disruption, or loss of business to Tenant.

(b) Except where resulting from the negligence or wrongful acts of Landlord or Landlord's agents or employees, and except as provided in subparagraph (a) of this paragraph, Tenant agrees, at Tenant's own cost and expense, to keep and maintain the Premises and each and every part thereof in good repair and condition and to make all repairs and replacements thereto, and to the fixtures and equipment therein and the appurtenances thereto. Tenant shall keep and maintain the Premises in a first-class and attractive condition throughout the Term. Tenant shall replace all damaged interior glass with glass of equal quality. In the case of damage or destruction by fire or other insurable casualty or by eminent domain, the obligations of Landlord and Tenant shall be controlled as hereinafter provided.

(c) Following the initial construction of the Premises in accordance with the provisions hereof, Tenant may, at its own cost, paint, paper or change floor coverings, or otherwise alter the Premises, provided that (i) the structural integrity or value of the Building shall not be adversely affected; (ii) the cost of any such alteration does not exceed One Dollar (\$1.00) per square foot of the Premises; and (iii) the sprinkler system, if any, is not thereby affected. In all other instances, Tenant shall secure prior written approval of Landlord. At the time such approval is sought, Tenant shall submit to Landlord plans and specifications for such work, together with the name of the contractor and a statement of the estimated cost thereof. Provided such documentation is sent to Landlord by certified mail or overnight mail, and further provided Landlord fails to provide Tenant with approval or constructive comments within fifteen (15) days of Landlord's receipt thereof, as evidenced by the official return receipt, approval of said plans and specifications shall be deemed given. Prior to the commencement of such work, Tenant agrees to deliver to Landlord a certificate of worker's compensation insurance in statutory limits from

Tenant's contractor as well as evidence of insurance coverages to be maintained by Tenant hereunder. Such work shall be promptly completed in accordance with such approved plans and specifications, all applicable laws and ordinances, and rules and requirements of Landlord's insurance carriers made known in writing to Tenant, subject to the terms of Tenant's indemnity set forth under paragraph 16 hereof and Tenant's obligation to insure such liability under paragraph 28 hereof.

(d) The term "repairs" shall mean all repairs, replacements, renewals, alterations, additions, improvements and betterments.

(e) If Tenant shall fail, refuse or neglect to make repairs in accordance with the provisions of the foregoing paragraphs or if Landlord is required to make any repairs by reason of any act, omission or negligence of Tenant, or permitted subtenant, business invitee or licensee of Tenant, or their respective employees, agents or contractors or any person, firm or corporation acting on Tenant's behalf, Landlord shall have the right, upon ten (10) days' notice (except in case of an emergency), to make such repairs on behalf of Tenant and to enter upon the Premises for such purposes, and add the reasonable, documented cost thereof, to the next installment of Rent due and Tenant agrees to pay such amount. Nothing contained in this paragraph shall be deemed to impose any duty upon Landlord. Any cost incurred by Landlord and chargeable to Tenant as herein provided shall be reduced to the extent that Landlord is reimbursed under any policy of insurance.

12. CENTER SERVICES. Landlord agrees to maintain the Center in good, first quality repair, and to provide all commercially reasonable services relating to the operation of a good quality commercial building and parking area.

Landlord shall furnish to the Premises reasonable amounts of air conditioning and heat, and shall furnish at all times reasonable amounts of elevator service and electric current for normal lighting and office machines, water for lavatory and drinking purposes, and maintenance services to include exterior window washing at a frequency to be determined by Landlord, and labor only for lighting replacement during normal business hours. Tenant shall provide its own janitorial services to the Premises. Tenant agrees to pay Landlord all charges reasonably associated with the providing of HVAC service at hours other than 7:00 a.m. through 10:00 p.m. daily, and in addition, will reimburse Landlord for the cost of HVAC provided on usual holidays. The cost for HVAC service between the hours of 10:00 p.m. and 7:00 a.m. and on usual holidays shall be calculated at the rate of \$8.50 per hour, unless it can be determined, by meter or otherwise, when the chiller unit is operating and when the system is pulling outside air only. In said event the cost for HVAC service between the hours of 10:00 p.m. and 7:00 a.m. and on usual holidays, to include New Years day, Christmas day, Thanksgiving, Memorial Day, Labor Day and Fourth of July, shall be calculated at the rate of \$32.00 per hour when the chiller unit is operating and \$3.50 per hour when the system is pulling outside air only.

Tenant shall comply with all rules and regulations which Landlord may reasonably establish for the proper protection of all Building services. Landlord shall at all reasonable times have free access to all mechanical installations of Landlord. Any failure to furnish any of said utilities and services shall not be deemed an eviction or disturbance of Tenant's use or possession of the Premises, nor render Landlord liable to Tenant, nor relieve Tenant from the performance of its Lease obligations when such failure is caused by strikes, accidents, or conditions beyond the control of Landlord.

Tenant agrees not to use any apparatus or device not typically used in Tenant's normal business operation which may increase the amount of such services

usually furnished to the Premises without the prior written consent of Landlord. Landlord reserves the right to charge for such increased services.

Landlord will provide for Tenant's employees' exclusive use an area contiguous to the Premises outside of the Building of approximately 2,000 square feet within which smoking will be permitted (if permitted by law). Tenant agrees not to permit smoking in any interior areas of the North Valley Center.

13. ELECTRICAL CURRENT.

As of the Date of Lease the cost of electric current is included in the Base Rent; there is no separate charge to Tenant for such service. In the event Landlord is permitted to charge for electric service, the portion of the Base Rent which shall represent the charge to Tenant for electric current (the "Electric Charge" as defined in Paragraph 1(s), which Charge does not include HVAC operating costs) shall be subject to a proportionate increase in the event of (i) any documented increase in the cost to Landlord of furnishing such electric current, or (ii) any increase in Tenant's equipment, facilities or fixtures. Should the parties not agree on the amount of any such adjustment, the determination thereof by an electrical consultant, mutually agreed upon by Landlord and Tenant, shall be binding.

So long as such change does not inhibit Tenant from conducting its business, Landlord may change the method of furnishing electric current upon giving Tenant not less than thirty (30) days written notice and Tenant shall, at Tenant's expense, make such alternative arrangements as may be approved by Landlord in writing.

Landlord covenants and agrees that it will provide feeders in accordance with the specifications set forth in the Work Letter. Tenant covenants and agrees that its use of electric current shall never exceed the capacity of existing feeders to the Premises, the Building, the risers or wiring installations. Except with Landlord's prior written consent, Tenant may operate only standard household and office equipment at the Premises and equipment generally used in the Permitted Use, to include a reasonable number of personal computers, typewriters, clocks, calculators, xerographic copying machines, telephone switching equipment, and audio-visual equipment. In the event Tenant installs or operates any other or additional electrical equipment without Landlord's prior written consent, Tenant shall pay to Landlord, on demand, as and for liquidated damages, a sum equal to the estimated additional cost to Landlord for the operation of such equipment. In the event Tenant should request electric current in excess of the capacity of the existing electrical systems for the Building, and in the event Landlord consents to any such increase, all work to increase such current shall be done at Tenant's sole cost and expense.

Landlord shall not be deemed guilty of an eviction or disturbance of Tenant's use and possession of the Premises nor shall Landlord be liable for the failure of any supply in the electric current unless substantially caused by Landlord's negligence. Landlord agrees, at no cost to Tenant, to make available to Tenant space proximate to the Premises for Tenant's installation of a generator for use in the event of a power outage at the Premises.

14. ACCESS.

(a) Landlord shall provide access to the Premises for Tenant's employees via the southwest entrance to the common area of the Building. Landlord shall provide access to the Premises for Tenant's invitees via the northwest entrance to the common area of the Building. Such access points shall be prominently marked by Tenant, at Tenant's cost, and in accordance with the signage provisions of Paragraph 60.

(b) Following notice to Tenant (except in cases of emergency), Landlord and its agents shall have the right to enter the Premises at all reasonable times during Tenant's normal business hours for the purpose of inspecting the same, showing the same to prospective mortgagees, tenants, purchasers of the Building, and other business invitees of Landlord and making alterations, repairs, improvements or additions to the Premises or to the Building of which they are a part for any purpose whatsoever related to the safety, protection or preservation of the Premises, the Building or Landlord's interest. During the six (6) months prior to the end of the Term, Landlord may show the Premises to prospective tenants and may display "For Rent" signs thereon. If Tenant shall not be personally present to open and permit an entry into the Premises at any time when such an entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key or may, after reasonable attempts to notify Tenant, enter forcibly without liability to Tenant, except for any failure to exercise due care for Tenant's property, and without affecting this Lease. Landlord shall not be deemed guilty of an eviction or disturbance of Tenant's use and possession of the Premises nor shall Landlord be liable to Tenant in any manner on account of any entry permitted hereunder unless Landlord fails to exercise due care for Tenant's property.

15. INABILITY TO PERFORM. Except for Tenant's obligation to pay rent, this Lease and the obligations of the parties hereunder shall not be affected or impaired because either party is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of labor troubles or any other cause beyond the control of such party.

16. INDEMNIFICATION. Tenant shall defend, indemnify and save harmless Landlord from and against any and all loss, cost, damage, expense (including reasonable attorney fees) and liability of any nature whatsoever arising out of or connected with the use or occupancy of the Premises by Tenant, its agents and employees in or on the Premises, the approaches thereto and/or the Common Areas, or arising or alleged to have arisen out of the acts or omissions of Tenant's officers, agents, employees or invitees. Tenant, upon notice from Landlord, shall defend the same, at Tenant's expense, by counsel reasonably satisfactory to Landlord. Tenant hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises from any cause other than Landlord's gross negligence, and Tenant hereby waives all claims in respect thereof against Landlord.

Landlord hereby agrees to defend, pay, indemnify and hold Tenant harmless from and against any and all claims, demands, fines, suits, actions, proceedings, orders, demands and judgments of any kind or nature by or in favor of anyone whomsoever and from and against any and all costs and expenses, including reasonable attorneys' fees, resulting from or in connection with loss of life, bodily injury or property damage arising out of the negligence of Landlord or its employees, agents or contractors in the common areas of the Center or in the performance of Landlord's maintenance obligations set forth at paragraphs 11 and 12, except nothing herein mentioned shall excuse or exculpate Tenant or its employees, agents or contractors from its or their negligence; and in such case the indemnification and hold harmless provided herein shall not apply to the extent of Tenant's negligence.

Tenant releases Landlord from all liability for any damage to property entrusted to employees of the Building, and for injury to persons or for loss of or damage to any property by theft or otherwise, unless caused by or due to the negligence of Landlord, its agents, or employees, or unless directly resulting from Landlord's written instruction. Neither Landlord nor its agents shall be liable for interference with light or other intangible rights, nor for any latent defect in the Premises or in the Building.

17. RIGHTS OF LANDLORD. The Landlord reserves the following rights: (a) to change the name of the Building without notice or liability to Tenant; (b) to designate all sources furnishing sign painting or lettering and toilet supplies used on the Premises, provided such sources are at or below market cost; (c) constantly to have pass keys to the Premises; (d) to grant to anyone the exclusive right to conduct any particular business in the Building, except as otherwise limited hereunder; and (e) at any time, whether at the insistence of Landlord or pursuant to government requirements, at Landlord's expense, to decorate or make repairs, alterations, additions, or improvements, whether structural or otherwise, in or to the Building or any part thereof, including the Premises, provided, however, that no work hereunder shall be performed within the Premises without notice to and consultation with Tenant. Without limiting the generality of the foregoing rights, Landlord shall specifically have the right to alter, improve or rebuild the lobby of the Building or any part thereof.

In connection with making repairs, alterations or additions under the terms of this paragraph, Landlord shall have the right of access through the Premises, as well as the right to take into, upon and through the Premises, all material that may be required to perform the foregoing, as well as the right in the course of such work to close entrances, doors, corridors, elevators, or other Building facilities or temporarily to abate the operations of such facilities, without being deemed or held guilty of an eviction of Tenant and without liability for damages to Tenant's property, business or person and without liability to Tenant by reason of interference with the business of Tenant or inconvenience or annoyance to Tenant or the customers of Tenant. The Rent reserved herein shall not abate while the foregoing is being performed and Tenant shall not be entitled to maintain any offset or counterclaim for damages of any kind against Landlord by reason thereof, all such claims being hereby expressly released by the Tenant. However, all such work shall be done in such manner as to cause Tenant the least inconvenience practicable. Landlord reserves and shall have the right to enter upon the Premises for the purpose of posting and maintaining any such notices on the Premises as may be necessary. In the event Tenant is unable to operate the Permitted Use from the Premises for a period exceeding forty-eight (48) hours as a result of Landlord's work hereunder, rent shall abate for such period of closure.

18. ASSIGNMENT AND SUBLETTING. Tenant may, without the prior written consent of Landlord, assign, convey, mortgage or sublet all or a portion of the Premises or any interest therein, or allow any transfer thereof to any subsidiary or affiliate, provided Tenant remains liable for full performance hereunder. All other assignments and transfers of interest shall be with the prior consent of Landlord, and shall be subject to terms and conditions reasonably acceptable to Landlord. In the event Tenant assigns or subleases a portion of the Premises to a third party, Landlord shall have the option to exclude said portion of the Premises from this Lease, and to lease such space directly to such third party tenant. In such event, Tenant agrees to execute an Amendment and Supplement to Lease reflecting the newly defined Premises and the Base Rent proportionately adjusted to reflect the reconfigured Premises. In the event Tenant assigns or subleases the entire Premises to a third party, Landlord shall have the option following reasonable notice to Tenant to terminate this Lease, effective upon the date such assignment or sublease was to take effect. In such event Tenant agrees to execute a Termination of Lease in form and substance reasonably satisfactory to Landlord and Tenant.

Where Tenant elects to assign or sublease all or a portion of the Premises as set forth above, and Landlord does not elect to terminate or amend the Lease as set forth above, any rental sums received by Tenant in excess of the Base Rent payable hereunder by Tenant to Landlord shall be divided equally by and between Landlord and Tenant after deduction of Tenant's documented costs relating to such assignment or sublease.

19. DAMAGE OR DESTRUCTION. If the Premises or the Building are damaged by fire or other casualty insured under policies of insurance carried by Landlord, the damage to the Building shall be repaired by and at the expense of Landlord and the damage to the Premises shall be repaired by and at the expense of Landlord and Tenant to the extent of their respective obligations to maintain and repair the

Premises pursuant to paragraph 11 hereof, provided such repairs can, be made within fifteen (15) days after the occurrence of such damage without the payment of overtime or other premiums. There shall be no abatement of Rent by reason of any portion of the Premises being unusable for a period of forty-eight (48) hours or less. Any abatement hereunder shall be retroactive to the date of damage. If the damage is due to the fault or neglect of Tenant or its employees, agents, or contractors there shall be no abatement of Rent regardless of the period which the Premises are unusable.

If repairs cannot be made within fifteen (15) days, Landlord may, at its option, and following ten (10) days notice, afford a reasonable time within which they are to be made and in such event this Lease shall continue in effect and the Rent shall be pro-rated for that apportioned period which the Premises are untenable.

A total destruction of the Building in which the Premises are located shall automatically terminate this Lease.

20. EMINENT DOMAIN. If the whole of the Premises, or so much thereof as to render the balance reasonably unusable by Tenant, shall be taken under the power of eminent domain, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by the condemning authority, or as otherwise herein provided, whichever is later. Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation. In the event of a partial taking which does not result in a termination of this Lease, the Rent shall be apportioned according to that part of the Premises remaining unusable. Landlord may without any obligation or liability, but following notice to Tenant stipulate with any condemning authority for a judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of said stipulation.

21. DEFAULT. The occurrence of any of the following shall constitute an event of Default:

(a) The vacation, abandonment or desertion of the Premises by Tenant and Tenant's failure to pay rent.

(b) A failure by Tenant to make any payment hereunder where such failure continues for five (5) days after the date such payment was due.

(c) A failure by Landlord or Tenant to observe and perform any other provision of this Lease for fifteen (15) days after notice thereof; provided that if the nature of such Default is such that the same cannot reasonably be cured within such period, the defaulting party shall not be deemed to be in Default if within such period such party commences to cure such Default and thereafter diligently prosecutes the same to completion.

(d) The making by Tenant of any general assignment for the benefit of creditors; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease.

If an event of Default shall occur, Landlord may, at any time:

(i) re-enter the Premises with or without process of law and take possession thereof and of all equipment and other property of Tenant therein and expel or remove Tenant and all other parties occupying the Premises without terminating this Lease, and at any time relet the Premises, or any part thereof, upon such conditions and at such rental as Landlord may deem proper. In such event Landlord may receive and collect the rent from such reletting and apply it against any amounts due from tenant hereunder, (including, without limitation, such expenses as Landlord may have incurred in recovering possession of the Premises, placing the same in good order and condition, or repairing the same for reletting, and all other expenses, commissions and charges). In the event that Landlord

shall collect rent or other charges from a tenant to whom the Premises have been relet, said amounts shall be applied to the payment of any indebtedness due hereunder. Landlord shall not by any re-entry or other act be deemed to have terminated this Lease or the liability of Tenant for the total liability hereunder unless Landlord shall give Tenant written notice of Landlord's election to terminate this Lease.

(ii) give written notice to Tenant of Landlord's election to terminate this Lease. In the event this Lease is terminated pursuant to the provisions of this paragraph 21, Landlord may recover from Tenant all damages related to Tenant's Default, including reasonable attorneys' fees and an amount equal to the maximum allowed by any statute or rule of law.

If Tenant shall Default in the payment of any rental or other charge payable hereunder and such Default continues for two (2) consecutive months, or for a total of four (4) months in any twenty-four (24) month period, or if Landlord or Tenant shall default in the performance of any other covenant of this Lease more than three (3) times, in the aggregate in any twenty-four (24) month period then, notwithstanding that such Default shall have been cured, any further similar Default shall be deemed deliberate and, as to Tenant, Landlord may terminate this Lease without affording to Tenant an opportunity to cure such Default or, as to Landlord's default, Tenant may cure such Default of Landlord and deduct the documented cost thereof from future rent. Landlord agrees to cooperate with Tenant to abate any nuisance or default situation beyond the ability of Tenant to cure.

22. RULES AND REGULATIONS. Tenant shall comply with the Rules and Regulations attached hereto, and such other rules and regulations as Landlord may reasonably adopt following written notice to Tenant. Landlord shall not be liable to Tenant for the breach of any condition, covenant, or agreement in any lease by any other tenant in the Center. Landlord agrees to make all reasonable efforts to abate any such breach.

23. REQUIREMENTS OF LAW. Tenant shall, at its sole cost and expense, promptly comply with all laws, orders, regulations and requirements of all public authorities and any fire underwriters insurance rating agency or similar organization which may impose any violation, order or duty upon Landlord or Tenant with respect to the Premises, or with respect to the Building if arising out of Tenant's use or manner of use of the Premises or the Building. Tenant shall pay all costs, expenses, fines, penalties or damages which may be imposed upon Landlord by reason of Tenant's failure to comply with the provisions of this paragraph.

24. SURRENDER OF PREMISES. At the termination of this Lease Tenant shall surrender up the Premises (and all keys thereto) to Landlord in good condition, reasonable wear and tear excepted. Tenant shall remove its trade fixtures, personal property and signs, provided such removal will not structurally damage the Premises. If Tenant shall fail to remove any of Tenant's said trade fixtures, personal property and signs within five (5) days after termination, Landlord may relocate such items to a reasonably secure location (of which Tenant must be notified) at Tenant's cost, and after thirty (30) days following receipt of notification said property shall, at the option of Landlord, either be deemed abandoned and become the exclusive property of Landlord, or Landlord shall have the right to remove and store said property, at Tenant's expense, without further notice to or demand upon Tenant and hold Tenant responsible for any and all charges and expenses incurred therefor. Tenant hereby indemnifies Landlord against any and all losses, costs, damages, liabilities and expenses resulting from Tenant's failure or delay in surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. Tenant's obligations under this paragraph shall survive the expiration or sooner termination of the Term.

25. QUIET ENJOYMENT. So long as Tenant is paying the Rent herein reserved and is performing and observing all of the other conditions, covenants, and agreements of this Lease, Tenant shall peaceably and quietly have, hold and enjoy

the Premises during the Term hereof, without any hindrance from Landlord or any person or persons claiming by, through or under Landlord, subject to the terms of this Lease, and to any mortgages, ground or underlying leases, agreements and encumbrances to which this Lease is or may be subordinated. Landlord agrees to use reasonable efforts to perform construction and maintenance work that may cause noise or interfere with Tenant's Permitted Use, outside of normal business hours.

26. LANDLORD'S LIEN. Intentionally omitted.

27. LIENS. Tenant shall do all things necessary to prevent the filing of any lien against the Premises or the Building or the interest of the Landlord or any underlying lessor therein or the interest of any mortgagee or holder of any deed of trust covering the Building by reason of any work, labor, services or materials claimed to have been performed or supplied to Tenant, or anyone holding the Premises, or any part thereof, through or under Tenant. Tenant shall either cause such lien to be vacated and canceled of record within forty-five (45) days after the date of the filing thereof or, Tenant shall furnish such security by surety bond to release the same. If Tenant shall fail to vacate or release such lien in the manner and within the time period provided herein, then Landlord may vacate or release the same. Tenant shall repay to Landlord all expenses, including reasonable attorneys' fees, incurred in connection therewith.

28. INSURANCE.

(a) LIABILITY INSURANCE CARRIED BY TENANT. Tenant shall obtain and keep in force during the Term of this Lease a Commercial General Liability policy of insurance protecting Tenant and Landlord (as an additional insured) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an "Additional Insured-Managers or Landlords of Premises" Endorsement and contain an amendment to the Pollution Exclusion to cover damage caused by heat, smoke or fumes from a hostile fire. The limits of said insurance required by this Lease or as carried by Tenant shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. All insurance to be carried by Tenant shall be primary to and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only.

(b) LIABILITY INSURANCE CARRIED BY LANDLORD. In the event Landlord is the insuring party, Landlord shall also maintain liability insurance described in Paragraph 28(a) above, in addition to, and not in lieu of, the insurance required to be maintained by Tenant. Tenant shall not be named as an additional insured therein.

(c) TENANT'S PROPERTY INSURANCE. Subject to the requirements of Paragraph 28(d), Tenant at its cost shall either by separate policy or, at Landlord's option, by endorsement to a policy already carried, maintain insurance coverage on all of Tenant's personal property, Tenant alterations, in, on, or about the Premises similar in coverage to that carried by the insuring party. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Tenant for the replacement of personal property or the restoration of Tenant alterations. Tenant shall be the insuring party with respect to the insurance required by this Paragraph 28(c) and shall provide Landlord with written evidence that such insurance is in force.

(d) INSURANCE POLICIES. Insurance required hereunder shall be in companies duly licensed to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least A X or such other rating as may be required by a lender

having a lien on the Premises, as set forth in the most current issue of "Best's Insurance Guide." Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Paragraph 28. If Tenant is the insuring party, Tenant shall cause to be delivered to Landlord certified copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with the insureds and loss payable clauses as required by this Lease. No such policy shall be cancelable or subject to modification except after thirty (30) days written notice to Landlord. Tenant shall at least thirty (30) days prior to the expiration of such policies, furnish Landlord with evidence of renewals or "insurance binders" evidencing renewal thereof, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant to Landlord upon demand. If the insuring party shall fail to procure and maintain the insurance required to be carried by the insuring Party under this Paragraph 28, the other Party may, but shall not be required to, procure and maintain the same, but at Tenant's expense.

29. WAIVER OF SUBROGATION. Without affecting any other rights or remedies, Tenant and Landlord each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss of or damage to the other party's property arising out of or incident to the perils required to be insured against under Paragraph 28. The effect of such release and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto.

30. WAIVER. No waiver by either party of any provision of this Lease or consent to any act shall be deemed to render unnecessary the obtaining of consent to or waiver of any subsequent act of such party or provision of this Lease. No agreement to accept a surrender of the Premises shall be valid unless in writing and signed by two (2) officers of Landlord.

31. UNAVOIDABLE DELAYS. The provisions of this paragraph shall be applicable if there shall occur any labor disputes, inability to obtain labor or materials, or acts of God, governmental restrictions, regulations or controls, enemy or hostile government action, civil commotion, fire or other casualty or other conditions beyond the reasonable control of the party obligated to perform. If Landlord or Tenant shall, as a result of any of the above mentioned events, fail to timely perform any of its obligations, then such failure shall be excused and not be a breach of this Lease by the party in question, to the extent and for the time occasioned by such event. Notwithstanding anything to the contrary herein contained, the provisions of this paragraph shall not be applicable to Tenant's obligations to pay Rent and lack of funds and inability to procure financing shall not be deemed to be an event beyond the reasonable control of Tenant. As a condition precedent to Tenant claiming or relying upon an unavoidable delay, Tenant shall give written notice to Landlord of such event. Landlord agrees to use reasonable efforts to advise Tenant of unavoidable delays in Landlord's material obligations under this Lease affecting Tenant.

32. SUBORDINATION. This Lease is, unless Landlord shall otherwise elect, subject and subordinate to all covenants, restrictions, easements and encumbrances now or hereafter affecting the fee title to the Building and to all ground and underlying leases and mortgages or financings which may be placed against or affect the real property of which the Premises forms a part. The term "mortgages" as used herein shall be deemed to include trust indentures and deeds of trust. No further instrument shall be necessary unless required by any such ground or underlying lessor or mortgagee. Should any ground or underlying lessor or mortgagee lease and/or mortgage the real property of which the Premises forms a part, or any part thereof, or should Landlord or any ground or underlying lessor or mortgagee for any other reason desire confirmation of such subordination, the Tenant, within ten (10) days following Landlord's written request therefor, shall execute and deliver, without charge, any documents reasonably necessary (in form acceptable to such ground or underlying lessor or mortgagee) to subordinate this Lease and Tenant's rights hereunder.

33. NOTICE TO MORTGAGEE. In the event of any act or omission by Landlord which would give Tenant the right to terminate this Lease by reason of a constructive or actual eviction or otherwise, Tenant shall not exercise any such right until Tenant shall have given written notice of such act or omission to the holder of any first mortgage to which this Lease is subject and subordinate, if the name and address of such holder shall previously have been furnished to Tenant. During the period between the giving of such notice and the remedying of such act or omission, the Rent to be paid by Tenant as provided in this Lease shall be abated and apportioned only to the extent that any part of the Premises shall be untenable.

34. ATTORNMEN. In the event of a sale, transfer, or assignment of Landlord's interest in the Center, the Building or any part thereof, including the Premises, or in the event of any proceedings brought for the foreclosure of, or in the event of the exercise of any power of sale under any mortgage made by Landlord covering the Center, the Building or any part thereof, including the Premises, or in the event of a cancellation or termination of any ground or underlying lease covering the Center, the Building or any part thereof, including the Premises, Tenant will attorn to and recognize such transferee, purchaser, ground or underlying lessor or mortgagee as Landlord, provided such transferee, purchaser, ground or underlying lessor or mortgagee agrees to assume all obligations of Landlord under the Lease.

35. ESTOPPEL CERTIFICATE.

(a) Tenant shall, at any time, upon not less than ten (10) days' written notice from Landlord, execute, acknowledge and deliver to Landlord a statement (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any, which are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.

(b) Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and (iii) that not more than one month's rental has been paid in advance.

36. INTEREST ON PAST DUE OBLIGATIONS. If Tenant shall fail to pay any Rent after the same becomes due and payable, including bank drafts returned unpaid, such unpaid amounts shall bear interest from the due date thereof to the date of the payment at the lesser of eighteen percent (18%) per annum, or such other rate as is the highest legal rate of interest chargeable in the state where the Building is located.

37. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer of Landlord's interest in the Premises or in the real property of which the Premises is a part, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer, provided the transferee assumes such obligations of Landlord from the date of transfer.

38. HOLDING OVER. For a period of 6 months following the Termination Date, if Tenant shall hold over beyond the Term with the consent of Landlord, such holding over shall be construed to be a month-to-month tenancy, terminable by either party upon one hundred twenty (120) days' written notice to the other, in accordance with the terms and conditions hereunder (so far as same are applicable to a month to month tenancy) and Tenant will pay rent at a rate of 135% of the Adjusted Base Rent, together with any other amounts payable hereunder. Thereafter, any holding over shall be a month-to-month tenancy terminable at the

end of the month following at least thirty (30) days written notice to the other party, at a Base Rent equal to 150% of the Adjusted Base Rent.

39. FIELD MEASUREMENT UPON COMPLETION OF CONSTRUCTION; RENTAL ADJUSTMENTS. Landlord and Tenant shall remeasure the Premises (using BOMA standards), to determine the number of square feet contained in the Premises, and upon the determination of such actual square footage, the following items shall be adjusted in the manner set forth below:

(a) Premises [paragraph 1(e)]: The actual number of square feet shall be adjusted to conform to the actual measurements of the Premises;

(b) Base Rent [paragraph 1(i)]: The figures set forth thereat shall be adjusted substituting therefor the number obtained by multiplying the number of square feet actually contained in the Premises as determined aforesaid by the applicable Rental Rate set forth at Paragraph 1(i) of the Lease:

(c) Tenant's Share [paragraph 1(1)]: The percentage of Tenant's Share shall be amended to reflect the actual percentage of Tenant's Share of the Building.

(d) Electric Charge [Paragraph 1(s): The Electric Charge shall be amended to reflect the actual square footage of the Premises.

(e) Tenant's Construction Allowance and the amount of Landlord's construction costs set forth or referenced at Paragraph 56 of the Lease.

(f) The Base Rent payable during the Extension Options set forth at Paragraph 57 of the Lease.

All such adjustments enumerated in this paragraph 39 shall be confirmed by an amendment and supplement to the Lease in form and substance satisfactory to Landlord.

The determination of the number of square feet in the Premises by such remeasurement shall be final, conclusive and binding on the parties hereto for all purposes of the Lease.

40. ACCORD AND SATISFACTION. Unless otherwise agreed to by both parties in writing, no payment by Tenant or receipt by Landlord of a lesser amount than that stipulated herein for Rent shall be deemed to be other than on account of the earliest stipulated Rent then due, nor shall any endorsement or statement on a check or letter accompanying any check or payment be deemed an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Lease.

41. ATTORNEYS' FEES. In the event that Landlord should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease, or in the event that Tenant shall bring any action for any relief against Landlord arising out of this Lease, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party.

42. FEES OR COMMISSIONS. Tenant warrants and represents to Landlord that, to the best of Tenant's knowledge, except for Barrett Associates, Inc., a Colorado corporation, with a mailing address of 3811 S. Atchison Way, Aurora, Colorado 80014, and Timothy Glenn of The Staubach Company, with a mailing address of 1200 17th Street, Suite 1300, Denver, Colorado 80202, there are no possible claims for brokers' commissions or finders' fees to be paid by Landlord in connection with this Lease and Tenant shall indemnify and hold Landlord harmless against and from any loss or expense which may arise from any such claim of which Tenant knew or

should have known, or which may result from any conversations or negotiations had by Tenant directly with any other broker or finder.

43. BUILDING NAME; RELATIONSHIP. Tenant shall not use the name of the Building for any purpose other than as the address of the business or profession to be conducted by Tenant in the Premises. Nothing contained in this Lease shall be deemed to create the relationship other than the relationship of Landlord and Tenant. Landlord reserves the right to change the name of the Building without the consent of Tenant and without incurring any liability to Tenant therefor.

44. PARTIAL INVALIDITY. If any provision of this Lease shall be held void or invalid, the remainder of this Lease shall not be affected thereby, and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

45. NOTICES. Every notice to be given under this Lease shall be in writing and shall be sent by Certified or Registered Mail, postage prepaid, return receipt requested, or overnight courier, and shall be addressed: (a) if to Landlord, to Landlord's mailing address, attn: "Vice President - Operations", and (b) if to Tenant, to Tenant's Mailing Address; and the same shall be deemed given when received or refused by the addressee. Either party may designate, by similar written notice to the other party, any other address for such purposes. Except with respect to service of a summons and other papers in a lawsuit, each of the parties hereto waive personal or any other service than as provided for in this paragraph. Notwithstanding the foregoing, either party hereto may give the other party telegraphic notice of the need for emergency repairs.

46. TIME OF ESSENCE. Time is of the essence with respect to the performance of every provision of this Lease.

47. ENTIRE AGREEMENT; MISCELLANEOUS.

(a) This Lease, the exhibits and addenda, if any, attached hereto, contain all of the agreements and understandings between the parties.

(b) All prior conversations or writings between the parties hereto or their representatives are merged herein.

(c) This Lease shall not be modified except in writing signed by both parties.

(d) The submission by Landlord to Tenant of this Lease in draft form shall be deemed submitted solely for Tenant's consideration and not for acceptance and execution. Such submissions shall have no binding force and effect, shall not constitute an option for the leasing of the Premises and shall not confer any rights or impose any obligations upon either party.

(e) If any provision contained in any exhibit hereto is inconsistent with any printed provision of this Lease, said exhibit shall supersede such printed provision.

(f) The captions appearing herein are not intended to define, limit, or describe the intent of any paragraph.

(g) Tenant further agrees that where required pursuant to a loan agreement between Landlord and its lender, Landlord may submit a copy of this Lease to its lender without obtaining the prior consent of Tenant.

(h) This Lease shall be governed by the law of the State of Colorado excluding its conflict of law rules.

48. CORPORATE PARTIES. The persons executing this Lease on behalf of Landlord and Tenant hereby warrant that each is duly organized or qualified (if foreign) under the laws of, and is authorized to do business in, the state where the Building is located and that each person executing this Lease is authorized to sign and execute this Lease.

49. SUCCESSORS AND ASSIGNS. Except as otherwise provided in this Lease, all of the conditions, covenants, and agreements of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. Each provision of this Lease to be performed by Tenant shall be construed as both a covenant and a condition, and if there shall be more than one Tenant, they shall all be bound, jointly and severally, by the provisions of this Lease.

50. ANNUAL FINANCIAL STATEMENT. Tenant agrees to submit to Landlord within fifteen (15) days of Landlord's request therefore, a statement setting forth the financial condition of Tenant, and of Tenant's Guarantor, if applicable. Said statement shall be certified by an officer of Tenant.

51. UCC FILING. In the event Tenant is in Default in the payment of rent, Tenant hereby makes, constitutes and irrevocably appoints Landlord as its attorney in fact in Tenant's name, place and stead, with full power and authority to execute UCC Filings recognizing and recording Landlord's statutory or contractual lien.

52. HAZARDOUS MATERIAL. Landlord warrants that as of the Commencement Date the Center complies with all environmental regulations affecting the Center and with the Americans with Disabilities Act. Landlord agrees to maintain such compliance at Landlord's expense throughout the Term of the Lease. Tenant shall not cause or permit any Hazardous Material, as defined below, to be brought upon, kept, stored, utilized, disposed of or used in or about the Premises by Tenant or its agents, employees, contractors or invitees. This restriction shall survive the termination or expiration of this Lease. If the presence of Hazardous Material on the Premises is caused or permitted by Tenant or its agents, employees, contractors or invitees and results in contamination of the Premises, the Building or the Center, then Tenant shall indemnify, defend and hold Landlord and any owner of the property wherein the Premises are located harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in or on the Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by Tenant or its agents, employees, contractors or invitees results in any contamination of the Premises, Tenant shall promptly take all actions at its own expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises, provided that Landlord's approval of such remedial action shall first be obtained.

As used herein, the term "Hazardous Material" shall mean hazardous or toxic materials, wastes and substances which are defined, determined or identified as such pursuant to present and future federal, state or local laws, rules or regulations and judicial or administrative interpretation thereof.

Upon reasonable notice, Landlord and its agents shall have the right to inspect the Premises at any time to determine whether Tenant is in compliance with this paragraph 52.

53. PARKING. Landlord shall provide for Tenant's exclusive use a limited number of parking spaces proximate to the Building. Landlord warrants that there will be reasonably adequate parking proximate to the Building for Tenant's employees, which Tenant represents shall not generally exceed eight (8) spaces for each 1,000 useable square feet leased hereunder. Tenant agrees to instruct its employees to park in the southern portion of the Center parking area.

54. RIGHT OF FIRST REFUSAL. In the event Landlord receives a bona fide offer to lease space in the lower level of the Burlington Building as shown on Exhibit A-1 to this Lease (the "Space") from a third party, which offer Landlord intends to accept, Tenant shall have a right of first refusal to lease the Space at the same rental rate offered by said third party, provided Tenant provides written notice to Landlord as set forth below.

Tenant shall exercise said right of first refusal by giving Landlord written notice thereof within five (5) business days from the date that Tenant receives written notice from Landlord stating the terms of such offer. In the event Tenant elects to lease the Space, Tenant shall execute an Amendment and Supplement modifying this Lease in form and substance satisfactory to Landlord, confirming the exercise of Tenant's right to lease the Space and setting forth the Base Rent payable for the Space, along with such other terms and conditions as Landlord may require. Tenant's election not to exercise its right hereunder as to any specific portion of the Space shall remain in effect until Landlord receives an offer to lease such Space that is substantially different from the offer that was presented to, and rejected by, Tenant.

In the event Tenant shall exercise the right of first refusal but fails to execute an Amendment and Supplement modifying this Lease to include the Space and the Base Rent for the Space within thirty (30) days from the date Tenant receives said Amendment and Supplement to Lease from Landlord, Landlord may execute said Amendment and Supplement to Lease on behalf of Tenant pursuant to a power of attorney granted hereby for that purpose. In the alternative, Landlord may deem Tenant's failure to timely execute said Amendment and Supplement to Lease as a permanent waiver by Tenant of this Right of First Refusal.

The right of first refusal provided for herein shall be exercisable by Tenant only and may not be assigned or transferred by operation of law or otherwise. Tenant may exercise said right on the condition that it is not in default hereunder.

55. CONSENT. In each instance where the consent or approval of Landlord or Tenant is required, such consent or approval shall not be unreasonably withheld or delayed.

56. CONSTRUCTION ALLOWANCE FOR TENANT'S WORK. Landlord shall reimburse Tenant for the cost of Tenant's planning and cabling work delineated in Tenant's working plans (hereafter "Tenant's Work") in the amount and manner hereinafter provided in this Paragraph, the amount of such reimbursement hereinafter referred to as "Tenant's Construction Allowance". It is understood and agreed that Tenant's Construction Allowance shall cover only the cost of Tenant's Work. Tenant's Construction Allowance shall not exceed \$106,000.00 (\$2.00 per square foot) for the planning work and \$106,000.00 (\$2.00 per square foot) for the cabling work, totalling \$212,000.00, which sum, along with Landlord's construction cost of \$30.00 per square foot, has been amortized into the Base Rent, over the Term of the Lease, at an interest rate of 12% per annum. Any unused portion of Tenant's Construction Allowance may be credited by Tenant against Base Rent payable under the Lease in an amount not to exceed 25% of Base Rent payable to Landlord each month.

Landlord shall pay Tenant's Construction Allowance to Tenant's General Contractor upon completion of Tenant's Work as certified by Tenant's architect, (subject, however, to Landlord's verification that Tenant is in full compliance with the Lease, that Tenant is not in default, and that Tenant's Work has been

completed), and when Tenant and Tenant's General Contractor have furnished to Landlord the following:

- (1) Tenant's affidavit that Tenant's Work has been completed to its satisfaction and in strict accordance with the working plans and Tenant's construction requirements;
- (2) A Waiver of Lien and an affidavit of the general contractor performing Tenant's Work stating that Tenant's Work has been fully completed in accordance with the working plans and that all contractors, subcontractors, laborers and material suppliers have been paid in full;
- (3) Properly completed lien waivers executed by Tenant's general contractor, and with respect to labor and materials valued in excess of \$1,500, every subcontractor and laborer participating in Tenant's renovation, and every material supplier delivering material directly to the Premises. Tenant's failure to provide said lien waivers within thirty (30) days after the completion of the renovation work may be deemed a material default of this Lease; and
- (4) Invoices evidencing the actual cost to Tenant or the reasonable charge by Tenant's contractor for Tenant's Work, provided same are approved by Tenant in writing.

If this Lease is terminated prior to the expiration of the original Term hereof, Tenant shall repay to Landlord the unamortized portion of Tenant's Construction Allowance upon demand. In the event Landlord's construction cost exceeds \$30.00 per square foot, such excess amount shall, at Tenant's option, be repaid to Landlord within fifteen (15) days of Tenant's receipt of notice of such excess, or shall be amortized over the Term of the Lease into the Base Rent at an interest rate of 12% per annum.

57. EXTENSION OPTION. Tenant shall have the option to extend this Lease for two successive periods of five (5) years each, commencing upon December 1, 2003 (each such period being herein referred to as a "Renewal Period") upon the same terms and conditions as those contained herein but, during the First Renewal Period, ending November 30, 2008, at a Base Rent of the lesser of 1) the prevailing market rent in buildings of similar character in the general location of the Building, and 2) \$730,340 per annum, payable in equal monthly installments, in advance, at the rate of \$60,861.67 per month. During the Second Renewal Period, ending November 30, 2013, Base Rent shall be at the prevailing market rent in buildings of similar character in the general location of the Building.

Tenant shall exercise said option by giving Landlord written notice at least six (6) months prior to the date on which the Renewal Period will commence. Tenant shall execute an Amendment and Supplement to Lease in form and substance satisfactory to Landlord, confirming the extension of this Lease and setting forth the Base Rent payable during such Renewal Period.

In the event that Tenant shall fail to execute an Amendment and Supplement to Lease confirming the extension of this Lease and the Base Rent payable by Tenant during the Renewal Period on or before the expiration of the then-existing Term, Tenant shall be deemed to be a month-to-month tenant and shall pay Base Rent at the rate set forth in paragraph 38 of the Lease.

The option provided for herein shall be exercisable by Tenant only and may not be assigned or transferred by operation of law or otherwise. Tenant may exercise said option on the condition that it is not in default under the Lease, and that Tenant has not subleased or assigned all or part of the Premises.

58. OPTION. At any time during the first 42 months of the Term, Tenant shall have the option to lease vacant and available space within the Burlington Building upon the same terms and conditions contained herein and at a Base Rental equal to the total amount of rent per square foot payable hereunder at the time Tenant takes occupancy of the Option space. Tenant agrees to execute an Amendment

and Supplement of Lease in form and substance reasonably acceptable to Landlord confirming the exercise of the within option to expand, redefining the newly-defined Premises and the Base Rent.

Tenant shall exercise the within Option by giving Landlord at least thirty (30) days and no more than sixty (60) days written notice of Tenant's intent to lease the available expansion space.

59. SATELLITE DISH. Subject to approval by Landlord of plans by Tenant, which approval shall not be unreasonably withheld, Tenant may erect one (1) satellite dish and one (1) microwave dish, the weight and size of which shall not be such as to cause an obstruction visually and/or create a structural engineering problem on the roof of the Burlington Building to enable the Permitted Use. Said construction and subsequent maintenance of the satellite dish shall be at Tenant's sole risk and cost and in compliance with all applicable laws and ordinances. Tenant agrees to indemnify and hold harmless Landlord from any injury or damage to person or property which may result from the erection or presence of such satellite dish. Tenant agrees to coordinate its work with Landlord's roofing contractor prior to the commencement of any such work in order to not void Landlord's roofing warranty. Subject to Landlord's approval, which approval shall not be unreasonably denied, Tenant shall have reasonable access to relevant portions of the roof for the purpose of maintaining said satellite dish.

60. SIGNAGE. Landlord will insert Tenant's business name on the directory in the Building at no cost to Tenant. Tenant shall, at Tenant's own cost, provide identification signs of such size, design and character as Landlord shall first approve in writing, at the northwest entrance to the common area of the Building and at the elevator banks serving the Premises. Tenant shall also be permitted to erect Landlord's approved identification signs at each of the parking spaces allocated for Tenant's use pursuant to Paragraph 53 hereof, at Tenant's own cost. Each sign shall be of such size, design and character as Landlord shall first approve in writing and shall be placed at locations designated by Landlord. Except as specifically set forth herein, other than such permitted signs Tenant shall not allow, install or maintain any sign upon or outside the Premises, in the Center, on the Building, or in the parking areas serving the Building. Landlord shall have the right to remove any signs installed by Tenant in violation of this paragraph and to charge Tenant for the cost of such removal and any repairs necessitated thereby. Tenant may erect an identifying sign on the exterior wall of the portion of the Building within which the Premises is located, at Tenant's cost and of such size, design and character as may be approved by Landlord and local authorities having jurisdiction over such signage. Tenant shall maintain all such signs in good condition.

Landlord further agrees to make available to Tenant space on a Pylon sign or reader board identifying the Center and key tenants therein in the event such sign or board is erected at the Center.

61. CAP INSTALLATION. Landlord agrees to permit Tenant to install common access provider ("CAP") fiberoptics in the Center provided Tenant's installer agrees to indemnify Landlord from any resulting damage or injury occasioned by such installation or the presence of said CAP fiberoptics in the Center. In the event Tenant's installer is unable or unwilling to agree to such indemnification, Tenant agrees to indemnify and hold Landlord harmless from any such damage or injury.

62. CONTINGENCY. Landlord and Tenant agree that this Lease is conditioned upon Tenant's obtaining from the City of Thornton ("City"), within a period of four (4) weeks following full execution of this Lease, certain monetary incentives deemed acceptable to Tenant as an inducement to Tenant to locate its business into the City. Tenant shall use all reasonable efforts to obtain such incentives from the City, and shall timely update Landlord with regard to developments in this regard. Landlord agrees to cooperate fully with Tenant in its efforts to obtain such incentives. Failure of Tenant to notify Landlord of its failure to obtain adequate incentives within said four (4) week period, or within two (2) business days following the expiration of said four week period (the "Notice Period"), shall render this contingency satisfied and this Lease in full force and effect. During the Notice Period Landlord may continue to market the Premises, provided that any third party offers to rent the Premises shall be secondary to Tenant's rights hereunder, and may be unconditionally accepted by

Landlord only after expiration of the Notice Period. The Notice Period and the within contingency shall have no effect on the Commencement Date set forth at Paragraph 1(g) of this Lease.

63. GENERAL CONSTRUCTION AND REPAIR COMMITMENTS.

a. Landlord agrees to paint the exterior of the Burlington Building as soon as practicable and, within the Notice Period, to prepare and present to Tenant a renovation plan to modernize and upgrade the North Valley Center as a first class commercial building facility. Within six (6) months of the date Burlington Coat Factory vacates its premises at the Center Landlord agrees to commence, and thereafter to diligently pursue through completion, a renovation of the Burlington Building. Landlord further agrees to effect repairs to the parking lot serving the Premises in accordance with the Work Letter attached hereto and incorporated herein. While Landlord agrees to use all reasonable efforts to complete parking lot repairs prior to the Commencement Date, the parties recognize and agree that this obligation shall be contingent upon weather conditions and contractor availability.

b. Subject to plans, which must have been pre-approved by Landlord, and subject to size, number and location criteria acceptable to Landlord in Landlord's sole discretion, Tenant shall be permitted to install skylights in the roof of the Premises during Tenant's initial pre-commencement build out of the Premises. Tenant shall be fully liable for all costs resulting from the installation, maintenance and repair of such skylights, including leaks and shall indemnify and hold Landlord harmless from all claims resulting from leaks attributable to such skylights. Such installation shall be coordinated with Landlord's roofing contractor to ensure that Landlord's roofing warranty is not voided or adversely affected by such installation by Tenant. Following installation, upon request to Landlord, Tenant shall be permitted access to the roof for purposes of cleaning and maintaining such skylights.

IN WITNESS WHEREOF, Landlord and Tenant have executed the Lease, in triplicate, as of the Date(s) set forth below their respective signatures hereto.

Signed and acknowledged in the presence of:

FIRST UNION MANAGEMENT, INC.

/s/ Paula Jones

By: /s/ Daniel E. Nixon, Jr.

Daniel E. Nixon, Jr.,
Senior Vice President

/s/ Paula Jones

to Landlord

And: /s/ Joseph W. Kearney As

Joseph W. Kearney,
Controller & Assistant Secretary

LANDLORD

Date: -----

Signed and acknowledged in the presence of:

TELETECH TELESERVICES, INC.

/s/ Jo-Nell Labbienti

By: /s/ Kenneth Tuchman

And: -----
Date: -----

TELETECH HOLDINGS, INC.

/s/ Jo-Nell Labbienti

By: /s/ Kenneth Tuchman

And: -----
As to Tenant
Date: -----

TENANT

This Lease is being forwarded for your approval and execution on the understanding that it shall not become effective until it is accepted by Landlord and its counsel and executed and delivered by Landlord.

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named FIRST UNION MANAGEMENT, INC., a Delaware corporation, by Daniel E. Nixon, Jr., its Senior Vice President, and Joseph W. Kearney, its Controller and Assistant Secretary, who acknowledged that they did sign the foregoing instrument and that the same is the free act and deed of said corporation, and their free act and deed personally and as such officers.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Cleveland, Ohio, this day of , 1995.

/s/ Paula Jones

NOTARY PUBLIC

STATE OF)
) SS:
COUNTY OF)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named TELETECH TELESERVICES, INC., a Colorado corporation, by _____, its _____, and _____, its _____, who acknowledged that they did sign the foregoing instrument and that the same is the free act and deed of said corporation, and their free act and deed personally and as such officers.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at _____, this day of , 1995.

/s/ Marianne Mari

NOTARY PUBLIC

STATE OF)
) SS:
COUNTY OF)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named TELETECH HOLDINGS, INC., a Delaware corporation, by _____, its _____, and _____, its _____, who acknowledged that they did sign the foregoing instrument and that the same is the

free act and deed of said corporation, and their free act and deed personally
and as such officers.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at
_____, this _____ day of _____, 1995.

/s/ Marianne Mari

NOTARY PUBLIC

May 9, 1996

TeleTech Teleservices, Inc. and TeleTech Holdings, Inc.
1700 Lincoln Street
Denver, CO 80203
Attention: Mr. Joseph Livingston

RE: TeleTech Teleservices, Inc. and TeleTech Holdings, Inc.

Gentlemen:

This Work Letter, by reference, is made part of the Lease between First Union Management, Inc., as Landlord, and THE ABOVE NAMED as Tenant, covering leased premises known as THE FIRST FLOOR OF THE BURLINGTON BUILDING, in NORTH VALLEY CENTER (hereinafter referred to as the "Premises").

The Premises will be altered by Landlord as set forth in detail below. Landlord shall provide all materials, labor, construction coordination and general supervision necessary to remodel the Premises as itemized below:

BUILDING SHELL IMPROVEMENTS AS FOLLOWS:

CONSTRUCTION/DEMOLITION

Demolition of all existing walls, ceilings, flooring, escalator, floor drains and outlets as necessary (existing mechanical rooms and elevators to remain). Floor flatness tolerance to be within 1/4 - inch over 10 - feet in all areas that tenant does not build up slab for conduit installation.

Acoustical 2x2 tegular fine line ceiling and grid throughout [Tenant Allowance shall be increased (on a unit price basis) to account for any areas where alternate ceiling materials are used].

Exterior windows- Replace existing windows with thermal insulated blue Azurlite glass, bronze frames and doors. Existing window frames may be used as approved by structural engineer. Install seven new windows to match second floor windows. An eighth window, approximately one half the size of full size windows, shall be added on the west elevation (north side).

Architectural and engineering fees for all Building Shell Improvements.

Mecoshade or equivalent horizontal miniblind window blinds on all windows to match 2nd floor window treatments.

1. All perimeter wall surfaces (adjacent to windows) to be insulated per code, drywalled, taped, and ready to receive tenant finish.
2. Demising walls separating tenants to be drywalled to underside of structure, taped ready to receive tenant finish and fully insulated for acoustic purposes.

All interior columns drywalled, taped and ready to receive tenant finish. Existing drywall to remain.

ELECTRICAL

Electrical service as follows; 3.5 Watts per RSF for lighting and; 7.5 Watts per RSF for convenience power. The cost to add electrical capacity beyond the above loads is Tenant Allowance work.

Exit signs, smoke detectors and fire alarms per code.

HVAC / MECHANICAL

Building standard fire protection system (existing system) per tenant plan.
The cost to relocate sprinkler risers or mains is Tenant Allowance work.

2. Complete building standard HVAC system (existing system) per tenant designed specifications (excluding supplemental air conditioning to computer room) including:
 - a. Installation of thermostats controlling the system.
 - b. Installation of any building standard diffusers - flex duct associated with all air distribution.
 - c. Provision and installation of any low pressure sheet metal pipe directly associated with the connection above.
 - d. Testing and balancing of the standard system.
 - e. Relocation of any low pressure ductwork per tenant plan.
Relocation of any main duct distribution is Tenant Allowance work.
 - f. Additional heating and cooling capacity to meet tenant occupancy requirements.
3. Restrooms upgrades, fixtures, accessories and finishes to match 2nd floor restrooms per ADA and tenant code occupancy requirements including ceramic tile on all walls to a height of 5 feet and adequate drainage for flood washing. Extension of sanitary line to be Tenant Allowance work.

FINISHES

All finishes to be included in tenant allowance.

FLOORING

All flooring to be included in tenant allowance.

BUILDING SHELL IMPROVEMENTS - TEMPORARY SPACE

Restrooms per ADA and tenant code occupancy requirements as located on Exhibit A-3.

Existing HVAC system to provide sufficient amounts of cooling for tenant occupancy. Demolition, computer room HVAC, diffuser or duct relocations, lighting, electrical, life safety, permits (for tenant work), ceiling improvements, sprinkler work and all finishes are tenant work.

Demising wall separating temporary space from permanent to be drywalled and taped ready for tenant finishes.

Landlord warrants that existing sprinkler and life safety systems meet code requirements.

TENANT IMPROVEMENT WORK AS FOLLOWS:

Other than the work described above as Building Shell Improvements, the space comes in "as is" condition. All Tenant Improvement costs will be charged against the following allowances. Any costs which exceed the allowance will be at Tenant's expense. Costs charged to allowance items 1, 2 and 3 may be combined and tracked against the total of \$34.00/RSF.

Space Planning Allowance: An allowance of \$2.00/RSF for space planning and design services required for Tenant Improvement Work will be administrated by Tenant.

Cabling Allowance: An allowance of \$2.00/RSF for technology cabling will be administrated by Tenant.

Tenant Improvement Allowance: An allowance of \$30.00/RSF for Tenant Improvements will be administrated by Landlord using an "open book" format. Tenant will approve all charges to the Tenant Improvement Allowance prior to release of the work.

Mechanical Relocation Allowance: An allowance of \$1.00/RSF for relocation of existing mechanical systems will be administrated as a separate cost item and any unused balance will reduce this allowance accordingly.

In the event Tenant makes any changes, additions or modifications to the above itemized list of Landlord's work and materials ("Tenant Changes") which result in an increase in costs to Landlord over and above the costs Landlord would have incurred in the absence of the Tenant Changes, Landlord shall notify Tenant in writing of the amount of such increase.

Upon receipt of said notice Tenant shall, within three (3) business days thereafter, notify Landlord in writing that it shall either (i) approve the additional cost to complete the alterations and thereby agree to reimburse Landlord for the amount by which the cost to complete the alterations (which cost shall include an amount equal to five percent (5%) of Landlord's costs as an administrative fee attributable to its construction coordination and supervision) exceeds Landlord's costs without Tenant's Changes, or (ii) agree to reduce the scope of the alterations so that the actual cost of the alterations does not exceed Landlord's costs without Tenant's Changes.

If Tenant is to provide any additional features, materials or work, over and above that specified in this Work Letter, Tenant must receive the written approval of Landlord, in advance, and must pay all costs and expenses for such work.

Finally, Tenant understands and acknowledges that notwithstanding any representation by Landlord or its agents to the contrary (i) Landlord estimates that the time to complete construction described above is 12 to 16 weeks, and that Landlord will not commence construction until after the Lease is fully executed by both parties, and (ii) if Tenant desires at its sole cost and expense, and Landlord agrees, to make any changes in the scope of construction that the estimated completion of construction will be adjusted accordingly.

Respectfully Submitted,

/s/ Kevin Farrell

Kevin Farrell
Vice President - Director of Construction

AGREED TO AND ACCEPTED BY:
Mr. Joseph Livingston
Tenant
By: /s/ Joseph Livingston

AGREED TO AND ACCEPTED BY:
FIRST UNION MANAGEMENT, INC.
Landlord
By: /s/ Joseph W. Kearney

Date: _____

Date: _____

BUSINESS LOAN AGREEMENT

BORROWER: TELETECH TELECOMMUNICATIONS, INC., TELETECH TELESERVICES, INC.,
AND TELETECH HOLDINGS, INC.
2130 HOLLYWOOD WAY
BURBANK, CA 91504

LENDER: FIRST INTERSTATE BANK OF CALIFORNIA
FLAIR IND. PARK REGIONAL COMMERCIAL BANKING OFFICE
9000 FLAIR DRIVE
EL MONTE, CA 91731

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THIS BUSINESS LOAN AGREEMENT BETWEEN TELETECH TELECOMMUNICATIONS, INC., TELETECH TELESERVICES, INC., AND TELETECH HOLDINGS, INC. ("BORROWER") AND FIRST INTERSTATE BANK OF CALIFORNIA ("LENDER") IS MADE AND EXECUTED ON THE FOLLOWING TERMS AND CONDITIONS. BORROWER HAS RECEIVED PRIOR COMMERCIAL LOANS FROM LENDER OR HAS APPLIED TO LENDER FOR A COMMERCIAL LOAN OR LOANS AND OTHER FINANCIAL ACCOMMODATIONS, INCLUDING THOSE WHICH MAY BE DESCRIBED ON ANY EXHIBIT OR SCHEDULE ATTACHED TO THIS AGREEMENT. ALL SUCH LOANS AND FINANCIAL ACCOMMODATIONS, TOGETHER WITH ALL FUTURE LOANS AND FINANCIAL ACCOMMODATIONS FROM LENDER TO BORROWER, ARE REFERRED TO IN THIS AGREEMENT INDIVIDUALLY AS THE "LOAN" AND COLLECTIVELY AS THE "LOANS." BORROWER UNDERSTANDS AND AGREES THAT: (A) IN GRANTING, RENEWING, OR EXTENDING ANY LOAN, LENDER IS RELYING UPON BORROWER'S REPRESENTATIONS, WARRANTIES, AND AGREEMENTS, AS SET FORTH IN THIS AGREEMENT; (B) THE GRANTING, RENEWING, OR EXTENDING OF ANY LOAN BY LENDER AT ALL TIMES SHALL BE SUBJECT TO LENDER'S SOLE JUDGMENT AND DISCRETION; AND (C) ALL SUCH LOANS SHALL BE AND SHALL REMAIN SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS OF THIS AGREEMENT.

TERM. This Agreement shall be effective as of MARCH 29, 1996, and shall continue thereafter until all Indebtedness of Borrower to Lender has been performed in full or until MAY 31, 1998, whichever is later.

DEFINITIONS. The following words shall have the following meanings when used in this Agreement. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

AGREEMENT. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

BORROWER. The word "Borrower" means Teletech Telecommunications, Inc., Teletech Teleservices, Inc., and Teletech Holdings, Inc.. The word "Borrower" also includes, as applicable, all subsidiaries and affiliates of Borrower as provided below in the paragraph titled "Subsidiaries and Affiliates."

CERCLA. The word "CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

COLLATERAL. The word "Collateral" means and includes without limitation all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

ERISA. The word "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

EVENT OF DEFAULT. The words "Event of Default" mean and include without limitation any of the Events of Default set forth below in the section titled "EVENTS OF DEFAULT."

GRANTOR. The word "Grantor" means and includes without limitation each and all of the persons or entities granting a Security Interest in any Collateral for the Indebtedness, including without limitation all Borrowers granting such a Security Interest.

GUARANTOR. The word "Guarantor" means and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with any Indebtedness.

INDEBTEDNESS. The word "Indebtedness" means and includes without limitation all Loans, together with all other obligations, debts and liabilities of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them; whether now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated; whether Borrower may be liable individually or jointly with others; whether Borrower may be obligated as a guarantor, surety, or otherwise; whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations; and whether such Indebtedness may be or hereafter may become otherwise unenforceable.

LENDER. The word "Lender" means First Interstate Bank of California, its successors and assigns.

LOAN. The word "Loan" or "Loans" means and includes without limitation any and all commercial loans and financial accommodations from Lender to Borrower, whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

NOTE. The word "Note" means and includes without limitation Borrower's promissory note or notes, if any, evidencing Borrower's Loan obligations in favor of Lender, as well as any substitute, replacement or refinancing note or notes therefor.

PERMITTED LIENS. The words "Permitted Liens" mean: (a) liens and security interests securing Indebtedness owed by Borrower to Lender; (b) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (c) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (d) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (e) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (f) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

RELATED DOCUMENTS. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

SECURITY AGREEMENT. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

SECURITY INTEREST. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

SARA. The word "SARA" means the Superfund Amendments and Reauthorization Act of 1986 as now or hereafter amended.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Loan Advance and each subsequent Loan Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

LOAN DOCUMENTS. Borrower shall provide to Lender in form satisfactory to Lender the following documents for the Loan: (a) the Note, (b) Security Agreements granting to Lender security interests in the Collateral, (c) Financing Statements perfecting Lender's Security Interests; (d) evidence of insurance as required below; and (e) any other documents required under this Agreement or by Lender or its counsel.

BORROWER'S AUTHORIZATION. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents, and such other authorizations and other documents and instruments as Lender or its counsel, in their sole discretion, may require.

PAYMENT OF FEES AND EXPENSES. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

REPRESENTATIONS AND WARRANTIES. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

NO EVENT OF DEFAULT. There shall not exist at the time of any advance a condition which would constitute an Event of Default under this Agreement.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of Loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

ORGANIZATION. Borrower is a corporation which is duly organized, validly existing, and in good standing under the laws of the state of Borrower's incorporation and is validly existing and in good standing in all states in which Borrower is doing business. Borrower has the full power and authority to own its properties and to transact the businesses in which it is presently engaged or presently proposes to engage. Borrower also is duly qualified as a foreign corporation and is in good standing in all states in which the failure to so qualify would have a material adverse effect on its businesses or financial condition.

AUTHORIZATION. The execution, delivery, and performance of this Agreement and all Related Documents by Borrower, to the extent to be executed, delivered or performed by Borrower, have been duly authorized by all necessary action by Borrower; do not require the consent or approval of any other person, regulatory authority or governmental body; and do not conflict with, result in a violation of, or constitute a default under (a) any provision of its articles of incorporation or organization, or bylaws, or any agreement or other instrument binding upon Borrower or (b) any law, governmental regulation, court decree, or order applicable to Borrower.

FINANCIAL INFORMATION. Each financial statement of Borrower supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent

to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

LEGAL EFFECT. This Agreement constitutes, and any instrument or agreement required hereunder to be given by Borrower when delivered will constitute, legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

PROPERTIES. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used, or filed a financing statement under, any other name for at least the last five (5) years.

HAZARDOUS SUBSTANCES. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Agreement, shall have the same meanings as set forth in the "CERCLA," "SARA," the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. Except as disclosed to and approved by Lender in writing, Borrower represents and warrants that: (a) During the period of Borrower's ownership of the properties, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, or about any of the properties. (b) Borrower has no knowledge of, or reason to believe that there has been (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occupants of any of the properties, or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters. (c) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the properties shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about any of the properties; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation those laws, regulations and ordinances described above. Borrower authorizes Lender and its agents to enter upon the properties to make such inspections and tests as Lender may deem appropriate to determine compliance of the properties with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the properties for hazardous waste. Borrower hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Borrower's ownership or interest in the properties, whether or not the same was or should have been known to Borrower. The provisions of this section of the Agreement, including the obligation to indemnify, shall survive the payment of the Indebtedness and the termination or expiration of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the properties, whether by foreclosure or otherwise.

LITIGATION AND CLAIMS. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and approved by Lender in writing.

TAXES. To the best of Borrower's knowledge, all tax returns and reports of Borrower that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

LIEN PRIORITY. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

BINDING EFFECT. This Agreement, the Note, all Security Agreements directly or indirectly securing repayment of Borrower's Loan and Note and all of the Related Documents are binding upon Borrower as well as upon Borrower's successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

COMMERCIAL PURPOSES. Borrower intends to use the Loan proceeds solely for business or commercial related purposes.

EMPLOYEE BENEFIT PLANS. Each employee benefit plan as to which Borrower may have any liability complies in all material respects with all applicable requirements of law and regulations, and (i) no Reportable Event nor Prohibited Transaction (as defined in ERISA) has occurred with respect to any such plan, (ii) Borrower has not withdrawn from any such plan or initiated steps to do so, and (iii) no steps have been taken to terminate any such plan.

LOCATION OF BORROWER'S OFFICES AND RECORDS. Borrower's place of business, or Borrower's Chief executive office, if Borrower has more than one place of business, is located at 2130 Hollywood Way, Burbank, CA 91504. Unless Borrower has designated otherwise in writing this location is also the office or offices where Borrower keeps its records concerning the Collateral.

INFORMATION. All information heretofore or contemporaneously herewith furnished by Borrower to Lender for the purposes of or in connection with this Agreement

or any transaction contemplated hereby is, and all information hereafter furnished by or on behalf of Borrower to Lender will be, true and accurate in every material respect on the date as of which such information is dated or certified;

and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Borrower understands and agrees that Lender, without independent investigation, is relying upon the above representations and warranties in extending Loan Advances to Borrower. Borrower further agrees that the foregoing representations and warranties shall be continuing in nature and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, while this Agreement is in effect, Borrower will:

LITIGATION. Promptly inform Lender in writing of (a) all material adverse changes in Borrower's financial condition, and (b) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

FINANCIAL RECORDS. Maintain its books and records in accordance with generally accepted accounting principles, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

FINANCIAL STATEMENTS. Furnish Lender with, as soon as available, but in no event later than one hundred twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, compiled by a certified public accountant satisfactory to Lender, and, as soon as available, but in no event later than sixty (60) days after the end of each fiscal quarter, Borrower's balance sheet and profit and loss statement for the period ended, prepared and certified as correct to the best knowledge and belief by Borrower's chief financial officer or other officer or person acceptable to Lender. All financial reports required to be provided under this Agreement shall be prepared in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

ADDITIONAL INFORMATION. Furnish such additional information and statements, lists of assets and liabilities, agings of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations as Lender may request from time to time.

INSURANCE. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies reasonably acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the loans, Borrower will provide Lender with such loss payable or other endorsements as Lender may require.

INSURANCE REPORTS. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the properties insured; (e) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (f) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

OTHER AGREEMENTS. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

LOAN PROCEEDS. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

TAXES, CHARGES AND LIENS. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (a) the legality of the same shall be contested in good faith by appropriate proceedings, and (b) Borrower shall have established on its books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with generally accepted accounting practices. Borrower, upon demand of Lender, will furnish to Lender evidence of payment of the assessments, taxes, charges, levies, liens and claims and will authorize the appropriate governmental official to deliver to Lender at any time a written statement of any assessments, taxes, charges, levies, liens and claims against Borrower's properties, income, or profits.

PERFORMANCE. Perform and comply with all terms, conditions, and provisions set forth in this Agreement and in the Related Documents in a timely manner, and promptly notify Lender if Borrower learns of the occurrence of any event which constitutes an Event of Default under this Agreement or under any of the Related Documents.

OPERATIONS. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner and in compliance with all applicable federal, state and municipal laws, ordinances, rules and regulations respecting its properties, charters, businesses and operations, including without limitation, compliance with the

Americans With Disabilities Act and with all minimum funding standards and other requirements of ERISA and other laws applicable to Borrower's employee benefit plans.

INSPECTION. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

ENVIRONMENTAL COMPLIANCE AND REPORTS. Borrower shall comply in all respects with all environmental protection federal, state and local laws, statutes, regulations and ordinances; not cause or permit to exist, as a result of an intentional or unintentional action or omission on its part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

ADDITIONAL ASSURANCES. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation or guideline, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except U.S. federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (a) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (b) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (c) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

INDEBTEDNESS AND LIENS. (a) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (b) except as allowed as a Permitted Lien, sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets, or (c) sell with recourse any of Borrower's accounts, except to Lender.

CONTINUITY OF OPERATIONS. (a) Engage in any business activities substantially different than those in which Borrower is presently engaged, (b) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, (c) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of stock of Borrower, or (d) purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

LOANS, ACQUISITIONS AND GUARANTIES. (a) Loan, invest in or advance money or assets, (b) purchase, create or acquire any interest in any other enterprise or entity, or (c) incur any obligation as surety or guarantor other than in the ordinary course of business.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (a) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender, or the occurrence of any event or condition which after notice or the passage of time would constitute an Event of Default; (b) Borrower or any Guarantor becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (c) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (d) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

ADDITIONAL DEFINITION. The following words shall have the following meanings when used in this Agreement:

Adjusted Net Income - The words "Adjusted Net Income" mean net income after taxes plus depreciation, amortization, rent and lease expense, and interest

expense, less noncash income.

Fixed Charges - The words "Fixed Charges" mean interest expense plus rent and lease expense, current maturities of long-term debt, current maturities of capital leases, and preferred stock dividends or partners' withdrawals.

Tangible Net Worth - The words "Tangible Net Worth" mean Borrower's total assets, excluding all intangible assets (i.e. goodwill, trademarks, patents, copyrights, organizational expenses, and similar intangible items, but including leaseholds and leasehold improvements), and excluding amounts due from shareholders, less total liabilities.

ADDITIONAL AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, while this Agreement is in effect, Borrower will comply with the following covenants and ratios:

- 1) Times Fixed Charge Coverage Ratio. Maintain a ratio of Adjusted Net Income to Fixed Charges of 1.50 to 1.00.
- 2) Debt to Tangible Net Worth. Maintain a ratio of total liabilities to Tangible Net Worth of less than 1.25 to 1.00.
- 3) Tangible Net Worth. Maintain minimum Tangible Net Worth of \$14,000,000.00, increasing to \$15,000,000.00 by 06/30/96, and increasing by \$1,000,000.00 per quarter thereafter.
- 4) Maintain quarterly profitability.

DEPOSIT ACCOUNTS. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts.

EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

DEFAULT ON INDEBTEDNESS. Failure of Borrower to make any payment when due on the Loans.

OTHER DEFAULTS. Failure of Borrower or any Grantor to comply with or to perform when due any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents, or failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

DEFAULT IN FAVOR OF THIRD PARTIES. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

FALSE STATEMENTS. Any warranty, representation or statement made or furnished to Lender by or on behalf of Borrower or any Grantor under this Agreement or the Related Documents is false or misleading in any material respect at the time made or furnished, or becomes false or misleading at any time thereafter.

DEFECTIVE COLLATERALIZATION. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any Security Agreement to create a valid and perfected Security Interest) at any time and for any reason.

INSOLVENCY. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

CREDITOR OR FORFEITURE PROCEEDINGS. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower, any creditor of any Grantor against any collateral securing the Indebtedness, or by any governmental agency. This includes a garnishment, attachment, or levy on or of any of Borrower's deposit accounts with Lender.

EVENTS AFFECTING GUARANTOR. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

CHANGE IN OWNERSHIP. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

ADVERSE CHANGE. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

AMENDMENTS. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

APPLICABLE LAW. THIS AGREEMENT HAS BEEN DELIVERED TO LENDER AND ACCEPTED BY LENDER IN THE STATE OF CALIFORNIA. IF THERE IS A LAWSUIT, BORROWER AGREES UPON LENDER'S REQUEST TO SUBMIT TO THE JURISDICTION OF THE COURTS OF LOS ANGELES COUNTY, THE STATE OF CALIFORNIA SUBJECT TO THE PROVISIONS ON ARBITRATION, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

ARBITRATION.

Binding Arbitration. Upon the demand of any party ("Party/Parties"), to a Document (as defined below), whether made before the institution of any judicial proceeding or not more than 60 days after service of a complaint, third party complaint, cross-claim or counterclaim or any answer thereto or any amendment to any of the above, any Dispute (as defined below) shall be resolved by binding arbitration in accordance with the terms of this arbitration program ("Arbitration Program"). A "Dispute" shall include any action, dispute, claim or controversy of any kind, whether founded in contract, tort, statutory or common law, equity, or otherwise, now existing or hereafter arising between any of the Parties arising out of, pertaining to or in connection with any agreement, document or instrument to which this Arbitration Program is attached or in which it appears or is referenced or any related agreements, documents, or instruments ("Documents"). Any Party who fails to submit to binding arbitration following a lawful demand by another Party shall bear all costs and expenses, including reasonable attorneys' fees (including those incurred in any trial, bankruptcy proceeding or on appeal), incurred by the other Party in obtaining a stay of any pending judicial proceeding and compelling arbitration of any Dispute. The Parties agree that any agreement, document or instrument which includes, attaches to or incorporates this Arbitration Program represents a transaction involving commerce as that term is used in the Federal Arbitration Act, Title 9 United States Code ("FAA"). THE PARTIES UNDERSTAND THAT BY THIS AGREEMENT THEY HAVE DECIDED THAT THEIR DISPUTES SHALL BE RESOLVED BY BINDING ARBITRATION RATHER THAN IN COURT, AND ONCE DECIDED BY ARBITRATION NO DISPUTE CAN LATER BE BROUGHT, FILED OR PURSUED IN COURT.

GOVERNING RULES. Arbitrations conducted pursuant to this Arbitration Program shall be administered by the American Arbitration Association ("AAA"), or other mutually agreeable administrator ("Administrator") in accordance with the terms of this Arbitration Program and the Commercial Arbitration Rules of the AAA. Proceedings hereunder shall be governed by the provisions of the FAA. The arbitrator(s) shall resolve all Disputes in accordance with the applicable substantive law designated in the Documents. Judgment upon any award rendered hereunder may be entered in any court having jurisdiction; provided, however, that nothing herein shall be construed to be a waiver by any Party that is a bank of the protections afforded pursuant to 12 U.S.C. 91 or any similar applicable state law.

ARBITRATOR POWERS AND QUALIFICATIONS; AWARDS. The Parties agree to select a neutral qualified arbitrator or a panel of three qualified arbitrators to resolve any Dispute hereunder. "Qualified" means a retired judge or practicing attorney, with not less than 10 years practice in commercial law, licensed to practice in the state of the applicable substantive law designated in the Documents. A Dispute in which the claims or amounts in controversy do not exceed \$1,000,000, shall be decided by a single arbitrator. A single arbitrator shall have authority to render an award up to but not to exceed \$1,000,000.00 including all damages of any kind whatsoever, costs, fees, attorneys' fees and expenses. Submission to a single arbitrator shall be a waiver of all Parties' claims to recover more than \$1,000,000.00. A Dispute involving claims or amounts in controversy exceeding \$1,000,000.00 shall be decided by a majority vote of a panel of three qualified arbitrators. All three arbitrators on the arbitration panel must actively participate in all hearings and deliberations. The arbitrator(s) shall be empowered to, at the written request of any Party in any Dispute, (a) to consolidate in a single proceeding any multiple party claims that are substantially identical or based upon the same underlying transaction; (b) to consolidate any claims and Disputes between other Parties which arise out of or relate to the subject matter hereof, including all claims by or against borrowers, guarantors, sureties and/or owners of collateral; and (c) to administer multiple arbitration claims as class actions in accordance with Rule 23 of the Federal Rules of Civil Procedure. In any consolidated proceeding the first arbitrator(s) selected in any proceeding shall conduct the consolidated proceeding unless disqualified due to conflict of interest. The arbitrators(s) shall be empowered to resolve any dispute regarding the terms of this arbitration clause, including questions about the arbitrability of any Dispute, but shall have no power to change or alter the terms of the Arbitration Program. The prevailing Party in any Dispute shall be entitled to recover its reasonable attorneys' fees in any arbitration, and the arbitrator(s) shall have the power to award such fees. The award of the arbitrator(s) shall be in writing and shall set forth the factual and legal basis for the award.

REAL PROPERTY COLLATERAL. Notwithstanding the provisions of the preceding paragraphs concerning arbitration, no Dispute shall be submitted to arbitration without the consent of all Parties if, at the time of the proposed submission, such Dispute arises from or relates to an obligation which is secured directly or indirectly and in whole or in part by real property collateral. If all Parties do not consent to submission of such a Dispute to arbitration, the Dispute shall be determined as provided in the paragraph below entitled "Judicial Reference".

JUDICIAL REFERENCE. At the request of any Party, a Dispute which is not submitted to arbitration as provided and limited in the preceding paragraphs concerning arbitration shall be determined by a reference in accordance with California Code of Civil Procedure Section 638 et seq. If such an election is made, the Parties shall designate to the court a referee or referees selected under the auspices of the AAA, unless otherwise agreed to in writing by all parties. With respect to a Dispute in which the amounts in controversy do not exceed \$1,000,000, a single referee shall be chosen and shall resolve the Dispute. The referee shall have authority to render an award up to but not to

exceed \$1,000,000, including all damages of any kind whatsoever, including costs, fees and expenses. A Dispute involving amounts in controversy exceeding \$1,000,000 shall be decided by a majority vote of a panel of three

referees (a "Referee Panel"), PROVIDED, HOWEVER, that all three referees on the Referee Panel must actively participate in all hearings and deliberations. Referees, including any Referee Panel, may grant any remedy of relief deemed just and equitable and within the scope of this Arbitration Program and may also grant such ancillary relief as is necessary to make effective any award. The presiding referee of the Referee Panel, or the referee if there is a single referee, shall be a retired judge. Judgment upon the award rendered by such referee(s) shall be entered in the court in which such proceeding was commenced in accordance with California Code of Civil Procedure Sections 644 and 645. Determinations and awards by a referee or Referee Panel shall be binding on all Parties and shall not be subject to further review or appeal except as allowed by applicable law.

PRESERVATION OF REMEDIES. No provision of, nor the exercise of any rights under, this Arbitration Program shall limit the right of any Party to: (a) foreclose against and/or sale of any real or personal property collateral or other security, or obtain a personal or deficiency award; (b) exercise self-help remedies (including repossession and setoff rights); or (c) obtain provisional or ancillary remedies such as injunctive relief, sequestration, attachment, replevin, garnishment, or the appointment of a receiver from a court having jurisdiction. Such rights can be exercised at any time except to the extent such action is contrary to a final award or decision in any arbitration proceeding. The institution and maintenance of an action as described above shall not constitute a waiver of the right of any Party to submit the Dispute to arbitration, nor render inapplicable the compulsory exercise of any self-help, auxiliary or other rights under this paragraph shall be a Dispute hereunder.

MISCELLANEOUS. All statutes of limitation applicable to any Dispute shall apply to any proceeding in accordance with this Arbitration Program. The Parties agree, to the maximum extent practicable, to take any action necessary to conclude an arbitration hereunder within 180 days of the filing of a Dispute with the Administrator. The arbitrator(s) shall be empowered to impose sanctions for any Party's failure to proceed within the times established herein. Arbitrations shall be conducted in the state of the applicable substantive law designated in the Documents. The provisions of this Arbitration Program shall survive an termination, amendment, or expiration hereof or of the Documents unless the Parties otherwise expressly agree in writing. Each Party agrees to keep all Disputes and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the Parties or as required by applicable law or regulation. If any provision of this Arbitration Program is declared invalid by any court, the remaining provisions shall not be affected thereby and shall remain fully enforceable.

CAPTION HEADINGS. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

MULTIPLE PARTIES; CORPORATE AUTHORITY. All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each of the Borrowers signing below is responsible for ALL obligations in this Agreement.

CONSENT TO LOAN PARTICIPATION. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loans to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy it may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loans and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loans irrespective of the failure or insolvency of any holder of any interest in the Loans. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

COSTS AND EXPENSES. Borrower agrees to pay upon demand all of Lender's allocated costs of in-house counsel and expenses, including without limitation attorneys' fees, incurred in connection with the preparation, execution, enforcement, modification and collection of this Agreement or in connection with the Loans made pursuant to this Agreement. Lender may pay someone else to help collect the Loans and to enforce this Agreement, and Borrower will pay that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also will pay any court costs, in addition to all other sums provided by law.

NOTICES. All notices required to be given under this Agreement shall be given in writing, may be sent by telefacsimilie, and shall be effective when actually delivered or when deposited with a nationally recognized overnight courier or deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address shown above. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. To the extent permitted by applicable law, if there is more than one Borrower, notice to any Borrower will constitute notice to all Borrowers. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address(es).

SEVERABILITY. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

SUBSIDIARIES AND AFFILIATES OF BORROWER. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used herein shall include all subsidiaries and affiliates of Borrower. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any subsidiary or affiliate of Borrower.

SUCCESSORS AND ASSIGNS. All covenants and agreements contained by or on behalf of Borrower shall bind its successors and assigns and shall inure to the benefit of Lender, its successors and assigns. Borrower shall not, however, have the right to assign its rights under this Agreement or any interest therein, without the prior written consent of Lender.

SURVIVAL. All warranties, representations, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement shall be considered to have been relied upon by Lender and will survive the making of the Loan and delivery to Lender of the Related Documents, regardless of any investigation made by Lender or on Lender's behalf.

TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

WAIVER. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any obligations of Borrower or of any Grantor as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent in subsequent instances where such consent is required, and in all cases such consent may be granted or withheld in the sole discretion of Lender.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT, AND BORROWER AGREES TO ITS TERMS. THIS AGREEMENT IS DATED AS OF MARCH 29, 1996.

BORROWER:
TELETECH TELECOMMUNICATIONS, INC., TELETECH TELESERVICES, INC., AND TELETECH HOLDINGS, INC.

X /s/ Steven B. Coburn

AUTHORIZED OFFICER

X /s/ Steven B. Coburn

AUTHORIZED OFFICER

X /s/ Steven B. Coburn

AUTHORIZED OFFICER

LENDER:
FIRST INTERSTATE BANK OF CALIFORNIA

BY: /s/ Nancy Martorano

AUTHORIZED OFFICER

ADDENDUM TO BUSINESS LOAN AGREEMENT

This Addendum to Business Loan Agreement ("Addendum") is entered into as of _____, 1996, between First Interstate Bank of California ("Bank") and Telettech Telecommunications, Inc., Telettech Teleservices, Inc. and Telettech Holding, Inc. ("Borrower"), and shall be attached to that certain Business Loan Agreement dated as of _____, 1996, between Bank and Borrower ("Agreement").

The Agreement is hereby amended, and the parties hereto agree, as follows (except as otherwise defined herein, all capitalized terms used herein shall have the meanings as defined in the Agreement):

1. In the introductory paragraph of the Agreement, on page 1 thereof (which paragraph begins "This Business Loan Agreement"), subdivision (b) shall be deemed deleted and subdivision (c) shall be deemed re-lettered as subdivision (b).

2. The parties hereto acknowledge and agree that notwithstanding the inclusion of a definition of "Collateral" in the Agreement and the statement therein that "Collateral means and includes without limitation all property and assets granted as collateral security for a Loan," Bank has required Borrower to furnish Bank with Collateral only as security for the indebtedness of Borrower to Bank arising under or in connection with Borrower's lease facility.

3. The parties hereto acknowledge and agree that notwithstanding the inclusion of a definition of "Guarantor" in the Agreement, Bank has not required any third party to guarantee the Indebtedness of Borrower to Bank in connection with any of the Loans.

4. The word "reasonable" shall be deemed inserted in the following places in the Agreement:

(a) On page 2, in the paragraph titled "Payment of Fees and Expenses," after the words "shall have paid to Lender all" and before the words "fees, charges."

(b) On page 3, in the paragraph titled "Insurance Reports," after the words "Furnish to Lender, upon" and before the words "request of Lender."

(c) On page 6, in the paragraph titled "Costs and Expenses," after the words "all of Lender's" and before the words "allocated costs."

(d) On page 6, in the paragraph titled "Costs and Expenses," after the words "applicable law, Lender's" and before the words "attorneys' fees."

5. The word "reasonably" shall be deemed inserted in the following places in the Agreement:

(a) On page 3, in the paragraph titled "Financial Statements," after the words "as soon as" and before the words "available," in the first and third lines of that paragraph.

(b) On page 3, in the paragraph titled "Additional Information," after the words "as Lender may" and before the words "request from time to time."

(c) On page 3, in the paragraph titled "Insurance," after the words "as Lender may" and before the words "require with respect to."

6. On page 2, the paragraph titled "Organization" shall be deemed deleted and replaced by the following: "Organization. Borrower is a corporation which is duly organized, validly existing and in good standing under the laws of the state of Borrower's incorporation, and is qualified or licensed to do business and is in good standing as a foreign corporation, if applicable, in all jurisdictions in which the failure to so qualify or to be so licensed could have a material adverse effect on Borrower. Borrower has the full power and authority to own its properties and to transact the businesses in which it is presently engaged or presently proposes to engage."

7. On page 2, the paragraph titled "Legal Effect" shall be deemed deleted and replaced by the following: "Legal Effect. This Agreement constitutes, and any instrument or agreement required hereunder to be given by Borrower when delivered will constitute, legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, except as the enforceability thereof may be affected by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and except as the availability of certain equitable remedies may be limited by certain equitable principles of general applicability."

8. On page 2, the paragraph titled "Payment of Fees and Expenses" shall be deemed amended by deleting the period at the end

thereof and inserting thereat the following: ", subject to such limitations thereon as may be specified in this Agreement or any such Related Document."

9. On page 2, in the paragraph titled "Litigation and Claims" the following shall be deemed inserted after the words "is pending or threatened" and before the words "and no other event": "which may materially adversely affect Borrower's financial condition or properties,".

10. On page 3, the paragraph titled "Location of Borrower's Offices and Records," is amended by deleting "2130 Hollywood Way, Burbank, CA 91504" and replacing such address with "1700 Lincoln Street, 14th Floor, Denver, Colorado 80203."

11. On page 4, in the paragraph titled "Operations," the word "key" shall be deemed inserted after the word "present" in the first line of that paragraph and again after the words "change in" in the second line thereof.

12. On page 4, in the paragraph titled "Indebtedness and Liens," the following shall be deemed inserted after the words "contemplated by this Agreement" and before the words "create, incur": "and purchase money indebtedness incurred to finance the purchase of equipment,".

13. On page 4, the paragraph titled "Continuity of Operations" shall be deleted and replaced by the following: "Continuity of Operations. (a) Engage in any business activities substantially different than those in which Borrower is presently engaged, or (b) cease operations, liquidate, merge or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business."

14. On page 4, after the paragraph titled "Loans, Acquisition and Guaranties," the following paragraphs shall be deemed inserted as additional negative covenants:

"Operating Leases and Capital Expenditures. Incur operating lease expense and make investments in fixed assets in any fiscal year in excess of an aggregate of \$15,000,000 for all such lease expenses and fixed asset investments combined (for the purposes of this paragraph, capital leases shall be excluded).

Capital Leases. Make investments in capital leases in any fiscal year in excess of an aggregate of \$15,000,000."

15. On page 5, the paragraph titled "Deposit Accounts" shall be deemed deleted.

16. On page 5, the paragraph titled "Other Defaults" shall be deemed amended by deleting the period at the end thereof and inserting thereat the following: "; provided, however, that in the case of such a failure under this Agreement or any Related Document which by its nature can be cured, but which is not a failure to make any payment when due or a breach of any representation or warranty, such failure continues for a period of twenty (20) days from its occurrence (the parties hereto acknowledge that during such cure period, Lender may decline to make new extensions of credit to Borrower); provided, further, however, that in the case of such a failure under any agreement between Lender and Borrower other than this Agreement or any Related Document, which by its nature can be cured, but which is not a failure to make any payment when due or a breach of any representation or warranty, such failure is not cured within any applicable cure period (the parties hereto acknowledge that during such cure period, Lender may decline to make new extensions of credit to Borrower)."

17. On page 5, the paragraph titled "Default in Favor of Third Parties" shall be amended by deleting the period at the end thereof and inserting thereat the following: "; provided, however, that in any such case, any cure period applicable thereto has expired (the parties hereto acknowledge that during such cure period, Lender may decline to make new extensions of credit to Borrower)."

18. On page 5, the paragraph titled "Change in Ownership" shall be deemed deleted.

19. On page 5, the paragraph titled "Adverse Change" shall be deemed deleted and replaced by the following: "Impairment of Prospect of Payment or Performance. There shall occur an event or condition which Lender believes in good faith impairs the prospect of payment or performance of the Indebtedness and Borrower fails to cure such impairment within twenty (20) days after notice thereof from Lender."

20. On page 6, the paragraph titled "Consent to Loan Participation" shall be deemed amended as follows: In the fourth line thereof, the words "and Borrower hereby waives any rights to privacy it may have with respect to such matters," shall be deemed deleted and replaced by the words "; provided, however, that such purchaser shall furnish Lender with a reasonable confidentiality agreement."

21. On page 6, the paragraph titled "Costs and Expenses" shall be deemed amended by deleting the period at the end of the second sentence of that paragraph (which sentence begins "Lender may pay") and inserting thereat the following: "; provided, however, that in the event Lender retains outside counsel to so collect or enforce the Loans, then Borrower shall only be obligated hereunder to reimburse Lender for the reasonable costs and expenses of such outside counsel, including without limitation reasonable attorneys' fees."

22. Bank and Borrower are concurrently herewith changing certain of the terms and provisions of that certain promissory note dated April 12, 1995, executed by Borrower in favor of Bank, in the original principal amount of \$5,000,000.00 ("Line of Credit Note"). Among other things, the maximum amount of the Line of Credit Note is being increased from \$5,000,000.00 to \$15,000,000.00. The parties hereto agree that the following paragraph shall be deemed inserted into the Line of Credit Note at the end of the first paragraph thereof:

"This Note shall evidence cash advances to Borrower made hereunder plus the amount of letters of credit issued by Bank on behalf of Borrower (collectively, "Letters of Credit" and individually, "Letter of Credit"). Bank is not obligated to advance funds or issue Letters of Credit hereunder if the resulting total outstanding amount of (i) cash advances made hereunder, and (ii) the amount of all Letters of Credit issued hereunder (whether or not such Letters of Credit have been drawn under and funded and including the unreimbursed amount of any drafts paid by Bank under any Letter of Credit) would exceed the Revolving Commitment. However, in the event such advances and Letter of Credit amounts exceed the amount of this Note, such sums shall be deemed validly advanced hereunder or evidenced by this Note, as if the principal amount of this Note had been increased to accommodate such amounts, and such sums shall be considered to be a part of the indebtedness evidenced by this Note for all purposes and shall be secured by any applicable security instruments and guaranties as if such instruments had been amended to accommodate and include such amounts. Bank reserves the right to require immediate repayment of amounts in excess of the above stated principal amount of this Note plus unpaid accrued interest on such amounts, and such actions shall not constitute a waiver of any rights of Bank under this Note or any related loan documents. Borrower irrevocably authorizes Bank to make advances hereunder from time to time equal to the amount of each draft presented to Bank under various Letters of Credit. Notwithstanding anything to the contrary, no interest will be charged or accrue on any amount(s) of this Note prior to the

actual advance of such amounts. Provisions of this Note relating to Letters of Credit shall not be construed to obligate Bank to issue Letters of Credit for Borrower; Bank reserves the right to approve or deny any Application for Letter of Credit in its sole discretion. In the event any draft for an advance under a Letter of Credit is funded subsequent to the final payment date of this Note, Bank may pay any such amount by means of an advance under this Note, and Borrower agrees to repay any and all such advances immediately after each such advance occurs, with interest accruing on the amount of such advance until paid in accordance with this Note (including any applicable default rate of interest). If for any reason the amount of any such advance plus accrued interest is not promptly repaid when due, Bank may defer collecting said sum without waiving any of its rights, and may require repayment of said sum plus accrued interest at any subsequent time at Bank's discretion."

23. Except as expressly provided herein, all terms and provisions of the Agreement shall continue in full force and effect, without waiver or modification.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date and year stated above.

TELETECH TELECOMMUNICATIONS, INC.

By: /s/ Steven B. Coburn

Title: -----

TELETECH TELESERVICES, INC.

By: /s/ Steven B. Coburn

Title: -----

TELETECH HOLDINGS, INC.

By: /s/ Steven B. Coburn

Title: -----

FIRST INTERSTATE BANK OF CALIFORNIA

By: /s/ Nancy Martorano

Title: -----

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE Agreement (this "AGREEMENT") is dated as of January 1, 1996 among TeleTech Holdings, Inc., a corporation organized under the laws of the State of Delaware, U.S.A. ("PURCHASER"), Access 24 Holdings Pty Limited, a corporation organized under the laws of Victoria, Australia (ACN 062 325 759) ("ACCESS"), Bevero Pty Limited, a corporation organized under the laws of New South Wales, Australia (ACN 003 978 809) ("BEVERO" and, collectively with Access, "SELLERS"), and Access 24 Service Corporation Pty Limited, a corporation organized under the laws of New South Wales, Australia (ACN 061 711 804) (the "COMPANY").

W I T N E S S E T H :

WHEREAS, Purchaser is engaged in the business of, among other things, providing information-communications solutions, on an outsourcing basis, using integrated voice and data communications technology, including, without limitation, technical product support, marketing and database generation and customer service programs;

WHEREAS, the Company and its subsidiaries, all of which are listed on SCHEDULE A hereto (collectively, the "SUBSIDIARIES"), are engaged in the business of, among other things, arranging medical treatment, travel and accommodation and trade assistance via telephone in Australia, New Zealand and the United Kingdom, and providing specialized information, customer loyalty and other programs on an outsourcing basis using integrated voice and data communications technology (together with any similar or related activities in which the Company and the Subsidiaries are engaged, the "BUSINESS");

WHEREAS, Access is the record and beneficial owner of 106 ordinary shares, A\$1.00 per share, of the Company ("ORDINARY SHARES") and Bevero is the record and beneficial owner of 106 Ordinary Shares, which 212 shares constitute all of the issued and outstanding Ordinary Shares; and

WHEREAS, Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, all of the 212 Ordinary Shares currently issued and outstanding (the "SHARES"), on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants hereinafter set forth and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"ACCOUNTING STANDARDS" means accounting standards required under the Corporations Law and/or issued by the Australian Accounting Standards Review Board (or other joint accounting bodies) and other generally accepted Australian accounting principles, each as in effect during the relevant period and applied consistently throughout the periods involved.

"ADDITIONAL AGREEMENTS" means those agreements, instruments and other documents necessary to effect the Concurrent Transactions.

"AFFILIATE" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person. "CONTROL" (including the terms "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), with respect to the relationship between two or more Persons, means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"ASSETS" means all of the properties and assets (including without limitation rights in and under contracts) used, intended to be used, required in or relating to the conduct of the Business and, with respect to contract rights, all contracts to which the Company or any Subsidiary is a party.

"BANKRUPTCY" shall mean (a) an adjudication of bankruptcy under the U.S. Bankruptcy Reform Act of 1978, as amended, or any successor statute, (b) the specified Person stops payment of, is deemed unable or otherwise admits inability to pay its debts or becomes or is deemed to be insolvent, (c) the making of a winding up or administration order in respect of the specified Person, (d) an assignment for the benefit of creditors, (e) the specified Person either does, resolves to do or commences negotiations with a view to doing any of the following: (i) makes a general or special arrangement or composition (whether voluntary or compulsory) with its creditors or any class of creditors, (ii) declares or agrees to a moratorium, or (iii) issues a notice convening a meeting to resolve to do any of the foregoing (other than for the purpose of a solvent amalgamation or reconstruction), (f) the filing of a voluntary petition in bankruptcy or reorganization or the passing of a resolution for voluntary liquidation, reconstruction or winding up (other than for the purpose of a solvent amalgamation or reconstruction), or (g) the failure to vacate the appointment of a receiver, trustee, controller, provisional liquidator or administrative receiver for any part or all of the assets or property of a party within 60 days from the date of such appointment.

"BUSINESS DAY" means any day that is not a Saturday or a Sunday and on which banks are open for the conduct of normal banking business in all of the cities of Denver, Colorado, Sydney, Australia, London, England and Auckland, New Zealand.

"CONCURRENT TRANSACTIONS" means, collectively, the transactions contemplated by this Agreement and described or referred to in Section 6.01.

"ENCUMBRANCE" means any security interest, pledge, mortgage, lien (including, without limitation, environmental and tax liens), charge, encumbrance, adverse claim, option, preferential arrangement or restriction of any kind, including, without limitation, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"GOVERNMENTAL AUTHORITY" means any federal, state, local or foreign government, governmental, regulatory or administrative authority (or subdivision thereof) and any agency or commission or any court, tribunal or judicial or arbitral body that has jurisdiction over the Business, the Company, the Assets or any Subsidiary, including, without limitation, the governments of the United States, Australia, the United Kingdom and New Zealand.

"GOVERNMENTAL ORDER" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"INTELLECTUAL PROPERTY" means any and all (a) inventions, ideas and conceptions of potentially patentable subject matter, including, without limitation, any patent disclosures whether or not patentable, whether or not reduced to practice, and whether or not yet made the subject of a pending patent application or applications, (b) national (including the United States) and multinational statutory invention registrations, patents, patent registrations and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations) and all rights therein provided by international treaties or conventions and all improvements to the inventions disclosed in each such registration, patent or application, (c) trademarks, service marks, trade dress, logos, trade names and corporate and partnership names, whether or not registered, including all common law rights, and registrations and applications for registration thereof and all rights therein provided by international treaties or conventions, (d) copyrights (registered or otherwise) and registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, (e) moral rights (including, without limitation, rights of paternity and integrity), and waivers of such rights by others, (f) computer software, including, without limitation, source code, operating systems and specifications, data, data bases, files, documentation and other materials related thereto, (g) trade secrets and confidential, technical and business information (including ideas, flow charts, logic diagrams, formulas, compositions, patterns, devices, methods, techniques, processes, inventions, and conceptions of inventions whether patentable or unpatentable and whether or not reduced to practice), (h) whether or not confidential, technology (including know-how and show-how), manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data,

copyrightable works, financial, marketing and business data, selling, pricing and cost information or procedures, business and marketing plans and customer and supplier lists and information, (i) copies and tangible embodiments of all the foregoing, in whatever form or medium, (j) all rights to obtain and rights to apply for patents, and to register trademarks and copyrights, and (k) all rights to sue or recover and retain damages and costs and attorneys' fees for present and past infringement of any of the foregoing.

"KNOWLEDGE" or "TO THE KNOWLEDGE OF" a specified Person, and similar references, means the actual knowledge of the officers, directors and key employees of such Person as well as constructive knowledge of any facts or events which such officers, directors and key employees, including without limitation any Person acting as a non-executive director of the Company, should have been aware had they exercised the degree of diligence that would have been exercised by a reasonable person in their respective positions.

"LAW" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law issued by any Governmental Authority.

"MATERIAL ADVERSE EFFECT" means any event, circumstance, change in or effect on the operations or business of any specified party (including, without limitation, in the case of the Company, the Business) that: (a) is, or could reasonably be expected to be, materially adverse to the business, operations, assets or liabilities (including, without limitation, in the case of the Company, the Assets), results of operations or the financial condition of such party, or (b) could reasonably be expected to materially adversely affect the ability of such party to operate or conduct its business in the manner in which it is currently, or is currently anticipated to be, operated or conducted or to perform its obligations under this Agreement or any Additional Agreement to which such party is a party.

"PERSON" means any individual, partnership, firm, corporation, limited liability company, joint venture, association, trust, unincorporated organization or other entity.

"RECEIVABLES" means any and all accounts, notes and other receivables of the Company or any Subsidiary from third parties, including, without limitation, customers, arising before the Closing from the conduct of the Business or otherwise, whether or not in the ordinary course, together with all unpaid financing charges accrued thereon.

"STOCK TRANSFER AGREEMENT" means that certain Stock Transfer and Registration Rights Agreement to be dated and executed on the Closing Date among Purchaser and Sellers, substantially in the form attached hereto as EXHIBIT A.

"TAX" or "TAXES" means any and all taxes, stamp duties, fees, levies, duties, tariffs, imposts and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority or taxing authority, including, without limitation: taxes or other charges on or with

respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs duties, tariffs and similar charges.

ARTICLE II PURCHASE AND SALE

Section 2.01 CLOSING. The closing of the purchase and sale of the Shares and the Concurrent Transactions (the "CLOSING") shall take place at the offices of the Company in Sydney, Australia, at 9:00 a.m. local time on February 9, 1996 (the "CLOSING DATE").

Section 2.02. PURCHASE AND SALE. Sellers hereby agree to sell, and Purchaser (or its assignee pursuant to Section 9.10) hereby agrees to purchase, the Shares on the terms and subject to the conditions set forth in this Agreement.

Section 2.03. PURCHASE PRICE. The aggregate purchase price for the Shares (the "PURCHASE PRICE") is A\$11.0 million and will be payable at the Closing as follows:

- (a) U.S.\$2.27 million will be paid to Access by bank cheque;
- (b) Purchaser will issue and deliver to Access 51,544 shares of Purchaser common stock, par value U.S.\$0.01 per share ("COMMON STOCK");
- (c) Purchaser will issue and deliver to Bevero 142,504 shares of Common Stock; and
- (d) Purchaser will not require Sellers as a condition to Closing to repay, and will cause the Company following the Closing to repay, the Company's outstanding indebtedness (the "RETAINED LIABILITY") under the Company's existing credit facility with WestPac Banking Corporation ("WESTPAC"); PROVIDED THAT such indebtedness does not exceed A\$1.6 million (a description of the credit facility and the amount of the Company's indebtedness thereunder that will be outstanding as of the Closing is set forth on SCHEDULE 2.03 hereto).

ARTICLE III REPRESENTATIONS AND WARRANTIES WITH RESPECT TO SELLERS

As an inducement to Purchaser to enter into this Agreement, each Seller, severally and not jointly, hereby represents and warrants to Purchaser, as of the date hereof and as of the Closing, as follows:

Section 3.01. ORGANIZATION, QUALIFICATION, ETC. OF SELLER. Seller is a duly organized and validly existing corporation under the Laws of the jurisdiction of its organization and has all necessary corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been, is currently and is currently anticipated to be conducted.

Section 3.02. TITLE TO THE SHARES. Seller (a) has good and marketable title to, and record and beneficial ownership of, the Shares to be sold by Seller hereunder and (b) has full right, power and authority to sell, assign, transfer and deliver the Shares hereunder, free and clear of any Encumbrances.

Section 3.03. AUTHORITY OF SELLER. Seller has all necessary corporate power and authority to execute and deliver this Agreement and each Additional Agreement to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery by Seller of this Agreement and each Additional Agreement to which it is a party or otherwise is bound and the performance by Seller of its obligations hereunder and thereunder and thereby have been duly authorized by all requisite corporate action on the part of Seller. This Agreement and each Additional Agreement to which Seller is a party have been duly executed and delivered by Seller and (assuming due authorization, execution and delivery by the other parties thereto) constitute or will constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforcement may be subject to Bankruptcy or other similar laws now or hereafter in effect relating to creditors' rights generally.

Section 3.04. NO CONFLICT. Assuming that all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 3.05 have been made or obtained, the execution, delivery and performance by Seller of this Agreement and each Additional Agreement to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (a) violate, conflict with or result in the breach of any provision of Seller's Articles of Association or Memorandum of Association, (b) conflict with or violate any Law or Governmental Order applicable to Seller, which conflict or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Seller or on the Business, or (c) conflict with, result in any breach of, constitute a default (or an event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the Shares or the assets or properties of Seller or the Business pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument, agreement or arrangement to which Seller is a party or by which any of such assets or properties is bound or affected, which conflict or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Seller or on the Business.

Section 3.05. CONSENTS AND APPROVALS. Except as set forth on SCHEDULE 3.05 hereto, the execution, delivery and performance by Seller of this Agreement and each Additional Agreement

to which it is a party do not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority or other Person.

Section 3.06. LITIGATION. There are no claims or proceedings pending or, to the knowledge of Seller, threatened by or against Seller (or, to Seller's knowledge, any of its directors, officers, employees or agents) that, if adversely determined, could reasonably be expected to have a Material Adverse Effect on Seller or could reasonably be expected to affect the legality, validity or enforceability of this Agreement or any Additional Agreement to which it is a party.

Section 3.07. INDEBTEDNESS TO AFFILIATES. Except as set forth on SCHEDULE 3.07, (a) neither the Company nor any Subsidiary is liable or indebted, directly or indirectly, as a guarantor, surety or otherwise, to Seller or any of its Affiliates and (b) Seller is not liable or indebted, directly or indirectly, as a guarantor, surety or otherwise, to the Company, any Subsidiary or any of their respective Affiliates.

Section 3.08. BROKERS. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Additional Agreement to which Seller is a party based upon arrangements made by or on behalf of Seller.

Section 3.09. FULL DISCLOSURE. No representation or warranty of Seller contained in this Agreement or in any Additional Agreement to which Seller is a party, and no written statement contained in any certificate furnished or to be furnished to Seller pursuant to this Agreement or any Additional Agreement to which Seller is a party or in connection with the transactions contemplated hereby or thereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact, necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IV REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COMPANY

As an inducement to Purchaser to enter into this Agreement, Access and Bevero, jointly and not severally, hereby represent and warrant to Purchaser, as of the date hereof and as of the Closing (PROVIDED, HOWEVER, that the representations and warranties contained in Sections 4.05 through 4.08, inclusive, 4.10 through 4.16, inclusive, and 4.18 are limited, with respect to Access, to Access's knowledge), as follows:

Section 4.01. ORGANIZATION. The Company and each Subsidiary is a duly incorporated and validly existing corporation under the Laws of the jurisdiction of its incorporation and has all necessary corporate power and authority to own, operate or lease the Assets now owned, operated or leased by it and to carry on its business as it has been, is currently and is currently

anticipated to be conducted. The Company and each Subsidiary is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of the Business makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing does not have, or could not reasonably be expected to have, a Material Adverse Effect on the Company or such Subsidiary; PROVIDED that the foregoing representation and warranty is qualified, with respect to Access only, to Access's knowledge. Seller has heretofore delivered to Purchaser accurate and complete copies of (a) the Company's and each Subsidiary's Articles of Association and Memorandum of Association (or the equivalent), each as amended through the date hereof, and (b) resolutions adopted prior to the date hereof of the members and of the Boards of Directors of the Company and each Subsidiary, all of which resolutions remain in full force and effect in the form delivered to Purchaser.

Section 4.02. CAPITALIZATION; TITLE. The authorized capital stock of the Company consists only of 10,000,000 Ordinary Shares, of which 212 Ordinary Shares are issued and outstanding and owned beneficially and of record by Sellers; no other class or series of capital stock is authorized or outstanding. All of the issued and outstanding Ordinary Shares are duly authorized, validly issued, fully paid and nonassessable. At the Closing, Purchaser will receive good, valid and marketable title to the Shares, free and clear of all Encumbrances. There are no statutory or contractual preemptive rights or outstanding subscriptions, options, warrants, calls, contracts, demands, commitments, convertible securities or other agreements or arrangements of any nature whatsoever under which the Company or either Seller is or may become obligated to issue, assign or transfer any Ordinary Shares, or purchase or make payment in respect of any Ordinary Shares now or heretofore outstanding.

Section 4.03. SUBSIDIARIES. SCHEDULE 4.03 hereto, sets forth an accurate and complete list of all Subsidiaries of the Company, whether active or dormant, the number of issued and outstanding shares of capital stock of each Subsidiary and the number of shares of capital stock of each Subsidiary owned beneficially and of record by the Company or another Subsidiary. All of the issued and outstanding shares of capital stock of each Subsidiary that are owned, directly or indirectly, by the Company or another Subsidiary are free and clear of all Encumbrances and are duly authorized, validly issued, fully paid and nonassessable. There are no outstanding subscriptions, options, warrants, calls, contracts, demands, commitments, convertible securities or other agreements or arrangements of any nature whatsoever under which the Company or any Subsidiary is or may become obligated to grant, assign or transfer any capital stock of any Subsidiary or purchase or make payment in respect of any capital stock of any Subsidiary now or heretofore outstanding. Other than the Subsidiaries, the Company has no ownership of or other investment interest, whether of record, beneficially or equitably, in any Person.

Section 4.04. AUTHORITY. The Company has all necessary power and authority to execute and deliver this Agreement and all Additional Agreements to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery by the Company of this Agreement and each Additional Agreements to which it is a party and the performance by the

Company of its obligations hereunder and thereunder have been duly authorized by all requisite corporate action on the part of the Company. This Agreement and each Additional Agreement to which the Company is a party have been, or at Closing will be, duly executed and delivered by the Company and (assuming due authorization, execution and delivery by the other parties thereto) constitute or will constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, except as such enforcement may be subject to Bankruptcy or other similar laws now or hereafter in effect relating to creditors' rights generally.

Section 4.05. NO CONFLICT. Assuming that all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 4.06 have been made or obtained, the execution, delivery and performance by the Company of this Agreement and each Additional Agreement to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (a) violate, conflict with or result in the breach of any provision of the Company's Articles of Association or Memorandum of Association, (b) conflict with or violate any Law or Governmental Order applicable to the Company, any Subsidiary, the Business or the Assets, which conflict or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Company or any Subsidiary or (c) conflict with, result in any breach of, constitute a default (or an event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the Assets pursuant to any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument, agreement or arrangement to which the Company or any Subsidiary is a party or by which any of the Assets is bound or affected, which conflict or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Company or any Subsidiary.

Section 4.06. CONSENTS AND APPROVALS. Except as set forth on SCHEDULE 4.06 hereto, the execution, delivery and performance by the Company of this Agreement and each Additional Agreement to which it is a party do not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority or other Person.

Section 4.07. LITIGATION. There are no actions, disputes or claims pending or, to Seller's knowledge, threatened by or against the Company or any Subsidiary (or, to the knowledge of Seller, any of the Company's or any Subsidiary's directors, officers, employees or agents), or affecting any of the Assets, that, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Company or any Subsidiary. None of the Company, the Business, any of the Assets or any Subsidiary is subject to any Law or Governmental Order (and, to the knowledge of Seller, there are no such Governmental Orders threatened to be imposed by any Governmental Authority) which has had or could reasonably be expected to have a Material Adverse Effect on the Company or the Subsidiary.

Section 4.08. BOOKS AND RECORDS. The books of account and other financial records of the Company and each Subsidiary: (a) reflect all items of income and expense and all assets and liabilities required to be reflected therein, except to the extent that the omission to reflect such items, individually or in the aggregate, could not have a Material Adverse Effect on the Company or such Subsidiary, (b) are accurate and complete, not misleading and do not contain or reflect any inaccuracies or discrepancies, except inaccuracies or discrepancies that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company or such Subsidiary, and (c) have been maintained in accordance with good business and accounting practices.

Section 4.09. FINANCIAL INFORMATION.

(a) All of (i) the audited consolidated balance sheet of the Company as of February 28, 1995 and the related audited profit and loss account and statement of cash flows for the fiscal year then ended, together with all notes and schedules thereto and accompanied by an unqualified report thereon by a firm of independent public accountants of international reputation (the "YEAR END FINANCIAL STATEMENTS") and (ii) the audited consolidated balance sheet of the Company at December 31, 1995 and the related audited profit and loss account and statement of cash flows for the period then ended, accompanied by an unqualified report thereon by a firm of independent public accountants of international reputation (the "INTERIM FINANCIAL STATEMENTS"), have been derived from the books of account and other financial records of the Company and each Subsidiary and prepared in accordance with applicable Accounting Standards, consistently applied throughout the periods involved (except as disclosed therein), and give a true and fair view of the state of affairs of the Company as at the dates therefor and the results of their operations for the periods then ended.

(b) The annual operating budget of the Company for fiscal year 1996 set out in SCHEDULE 4.09(b) hereto (the "BUDGET") has been prepared in good faith, on the basis of honestly held views of management of the Company in light of past operations, using Accounting Standards consistent with those used in preparing the Year End and Interim Financial Statements, except that the Budget omits (i) certain footnote disclosures and financial statement presentation items required by applicable Accounting Standards and (ii) certain year end adjustments consisting only of normal recurring accruals usually included in the preparation of year end financial statements. The Budget is based on assumptions, which heretofore have been disclosed to Purchaser, that are reasonable in light of the Company's current business plan, the Company's current business prospects and current economic conditions. Bevero has no knowledge of any reason why the Company should not be able to achieve the performance levels set forth in the Budget. Access has no knowledge of any reason why the Company should not be able to achieve the summary performance levels as set forth in SCHEDULE 4.09(b). Purchaser acknowledges that some of the assumptions upon which the Budget has been based may not materialize. The representations and warranties contained in this Section 4.09(b) are qualified, with respect to Access only, to Access's knowledge.

(c) Except as set forth on SCHEDULE 4.09(c) hereto, since February 28, 1995 the Company has not paid or declared any dividend or distribution on or with respect to its outstanding Ordinary Shares.

Section 4.10. ABSENCE OF UNDISCLOSED LIABILITIES. Neither the Company nor any Subsidiary has any obligation or liability (whether accrued, absolute, contingent or otherwise, whether currently known or not known and whether due or to become due), including without limitation for Taxes, long-term leases or commitments relating to employee benefits, accruing or arising out of transactions entered into at or prior to the Closing other than: (a) liabilities fully provided for in the balance sheet included in the Interim Financial Statements (whether or not required to be so fully provided for as of the date thereof), (b) liabilities or obligations arising after the date of the Interim Financial Statements in the ordinary course of business (none of which exceeds A\$50,000 individually or results from breach of contract, warranty, tort, infringement, claim or lawsuit) or (c) any such liability or obligation that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company or any Subsidiary.

Section 4.11. RECEIVABLES. Except to the extent, if any, provided for on the balance sheet included in the Interim Financial Statements, all Receivables reflected on the balance sheet included in the Interim Financial Statements arose from, and the Receivables existing as of the Closing Date will have arisen from, the sale of services provided by the Company in the ordinary course of its business consistent with past practice, such Receivables to be separately classified for Persons not Affiliated and those Persons Affiliated with the Company, and, except as fully provided for in the balance sheet included in the Interim Financial Statements (whether or not required to be so fully provided for as of the date thereof) or as set forth on SCHEDULE 4.11 hereto, constitute or will constitute, as the case may be, only valid, undisputed claims of the Company or any Subsidiary not subject to valid claims of set-off, off-set or other defenses or counterclaims. The Interim Financial Statements make full provision for all doubtful debts and all bad debts have been written off, except for doubtful debts and bad debts that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company.

Section 4.12. REAL PROPERTY. There is no violation of any Law (including, without limitation, any building, planning, zoning or environmental law) relating to any of the real property owned, leased or otherwise used by the Company or any Subsidiary and the Company and each Subsidiary is in peaceful and undisturbed possession of each such parcel of real property, except to the extent failure to be in such possession could not reasonably be expected to have a Material Adverse Effect on the Company or such Subsidiary. There are no contractual or legal restrictions that preclude or restrict in any material manner the ability to use such premises in the manner in which they are currently being used. None of the Subsidiaries or the Company is leasing or subleasing any parcel or any portion of any parcel of real property to any other Person or has assigned its interest under any lease or sublease for any leased real property to any Person.

Section 4.13. ASSETS. The Company and each Subsidiary owns, leases or has the legal right to use all of the Assets (and, with respect to contract rights, is a party to and enjoys the benefits of all material contracts and agreements, subject to the terms thereof and, with respect to Intellectual Property, subject to the terms on which the Company and/or such Subsidiary owns or uses the Intellectual Property) that are material to, used or intended to be used by the Company or such Subsidiary in, required in or relating to, the conduct of its business, free and clear of all Encumbrances. All of the Company's and each Subsidiary's buildings, equipment and other tangible assets are in good operating condition and repair, ordinary wear and tear excepted, and are suitable for use in the ordinary course of business.

Section 4.14. ACQUIRED ASSETS. Each Asset (including, without limitation, the benefit of any licenses, leases or other agreements or arrangements) acquired from any Affiliate of the Company or of any Subsidiary since the date of the Interim Financial Statements has been acquired for consideration and on terms no less favorable to the Company than otherwise would have been available in a comparable arms' length transaction on the date of such acquisition.

Section 4.15. CONDUCT OF BUSINESS IN THE ORDINARY COURSE. Since the date of the Interim Financial Statements, the Company and each Subsidiary has conducted business only in the ordinary course and consistent with past practice.

Section 4.16. COMPLIANCE WITH LAWS. The Company and each Subsidiary has conducted and continues to conduct its business in accordance with all applicable Laws and Governmental Orders and the Company and each Subsidiary is in compliance with all such Laws or Governmental Orders, except to the extent that the failure to so conduct its business or comply therewith could not reasonably be expected, in the aggregate, to have a Material Adverse Effect on the Company or such Subsidiary.

Section 4.17. MATERIAL CONTRACTS.

(a) Seller has, or has caused to be, made available to Purchaser for review and duplication, accurate and complete copies (or in the case of oral contracts, summaries thereof), together with all amendments, waivers or changes thereto, of all of the following contracts and agreements to which the Company or any Subsidiary is a party (such material contracts and agreements, which are listed on SCHEDULE 4.17(a) hereto under the appropriate subsection reference, collectively the "MATERIAL CONTRACTS"):

(i) each contract or agreement for the purchase of inventory or personal property by, or for the furnishing of services to, the Company or any Subsidiary, or otherwise related to the Business or the Assets under the terms of which the Company or any Subsidiary (A) is reasonably anticipated to pay or otherwise give consideration of more than A\$50,000 in the aggregate in any 12-month period or (B) cannot cancel without penalty or further payment or without more than 30 days' prior notice;

(ii) each contract or agreement for the sale of inventory or other personal property or for the furnishing of services by the Company or any Subsidiary which: (A) is reasonably anticipated to involve consideration of more than A\$50,000 in the aggregate during the fiscal year ending February 29, 1996 or in any fiscal year thereafter, (B) is reasonably anticipated to involve consideration of more than A\$50,000 in the aggregate in any 12-month period, or (C) cannot be cancelled by the Company or any Subsidiary without penalty or further payment or without more than 30 days' prior notice;

(iii) all material broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing, consulting and advertising contracts and agreements;

(iv) all management contracts, agreements or similar arrangements with independent contractors, consultants or other Persons (including Affiliates) that involve exclusive rights or require payments in excess of A\$50,000 in the aggregate in any 12-month period and which are not cancelable without penalty or further payment or on 30 days' or less prior notice;

(v) all warranty agreements with respect to services rendered or products sold or leased by the Company or any Subsidiary, other than warranties created by operation of Law;

(vi) all joint venture or partnership agreements;

(vii) all contracts or agreements relating to indebtedness of the Company or any Subsidiary in excess of A\$50,000 individually or in the aggregate;

(viii) all contracts or agreements with any Governmental Authority to which the Company or any Subsidiary is a party;

(ix) all contracts and agreements that limit or purport to limit the ability of the Company or any Subsidiary to compete (A) in any line of business, (B) with any Person, (C) in any geographic area or (D) during any period of time;

(x) all contracts, agreements or arrangements (whether written, oral or otherwise) between or among the Company or any Subsidiary, on the one hand, and any Subsidiary, the Company, any director, officer, employee or any Affiliate of any of the foregoing, on the other hand;

(xi) all leases and subleases for tangible personal property having a value individually in excess of A\$50,000 (for purposes of this Agreement, the term

"LEASE" shall include any and all leases, subleases, sale/leaseback agreements or similar arrangements);

(xii) all contracts and agreements relating to Intellectual Property that the Company or any Subsidiary owns or has rights to use;

(xiii) all contracts, leases, subleases or other agreements relating to the management, ownership or operation of real property owned, leased or used by the Company or any Subsidiary; and

(xiv) all other contracts and agreements, whether or not made in the ordinary course of business, which are material to the Company, any Subsidiary or the conduct of the Business.

(b) Each Material Contract (i) is valid and binding on the Company or the Subsidiary that is a party thereto and, to the knowledge of Seller, on the other parties thereto and is in full force and effect in the form provided to Purchaser and (ii) assuming that all consents, approvals and authorizations set forth on SCHEDULE 4.06 have been obtained, will not be subject to termination or cancellation by the other parties thereto solely as a result of the consummation of the transactions contemplated hereby. The Company or the Subsidiary that is a party thereto has performed all material obligations required to be performed by it and is not in breach of or default under, nor in receipt of any claim of breach of or default under, any Material Contract, which breach or default could reasonably be expected to have a Material Adverse Effect on the Company or such Subsidiary. Seller has no knowledge of any breach or default, or any anticipated breach or default, of any Material Contract by any other party thereto.

(c) There is no contract, agreement or other arrangement granting any person any preferential right to purchase, other than in the ordinary course of Business consistent with past practice, any of the Assets or any services of the Company or any Subsidiary.

(d) Neither the Company nor any Subsidiary is a party to or otherwise is bound by any contract, agreement or arrangement (whether oral, written, arising by course of dealings or otherwise) with any director, officer, employee (or any Affiliate of any of the foregoing) or Affiliate of the Company or any Subsidiary, other than any Material Contract.

(e) The Material Contracts listed on SCHEDULE 4.17(e) hereto constitute the only contracts, agreements or arrangements to which the Company or any Subsidiary is a party or otherwise is bound that either (i) expressly requires (or could require in the future) performance of services by John Kendall, or such other Person as may be selected or approved by John Kendall, or (ii) is terminable by the other Person(s) party thereto in the event John Kendall ceases to be a director, involved in the management or otherwise involved in the operations, of the Company.

(f) The oral Material Contracts summarized on SCHEDULE 4.17(a) hereto constitute the only oral contracts, agreements or arrangements relating to the Business or to which the Company or any Subsidiary is a party, is bound or otherwise is performing services.

(g) There is not now outstanding any guarantee or agreement for indemnity or for suretyship either given by or for the benefit of the Company or any Subsidiary.

(h) The representations and warranties contained in this Section 4.17 with respect to Material Contracts, other than those Material Contracts to which the Royal Automobile Club of Victoria (RACV) Limited ("RACV"), or any of RACV's Affiliates is a party or otherwise is bound, are qualified, with respect to Access only, to Access's knowledge.

Section 4.18. INTELLECTUAL PROPERTY.

(a) SCHEDULE 4.18(a) hereto constitutes an accurate and complete list and/or summary description of all Intellectual Property that the Company or any Subsidiary owns or uses that is necessary for the ongoing delivery of any service or services provided by the Company or any Subsidiary, the revenue from which equalled more than five-percent (5%) of the aggregate revenue of the Company or such Subsidiary for fiscal year 1995 or is reasonably expected to equal more than five-percent (5%) of the aggregate revenue of the Company or such Subsidiary for fiscal year 1996 (the "SIGNIFICANT SERVICES"); other than any such non-proprietary Intellectual Property available for purchase or for non-exclusive license by members of the general public. The Company or such Subsidiary has full ownership of, or the right to use all Intellectual Property listed on SCHEDULE 4.18(a) in the manner in which it is currently used, and neither Seller nor the Company or such Subsidiary has any knowledge that the conduct of the Business as now operated conflicts with or infringes, or has been alleged to infringe, any rights or franchises of any Person in any manner. Except as described on SCHEDULE 4.18(a), no current or former consultant, employee or Affiliate of the Company, any Subsidiary or Seller, or any of their respective shareholders, members, partners, officers or directors has any right, title or interest in any of the Intellectual Property set forth thereon. The Company heretofore has delivered to Purchaser accurate and complete copies of all material correspondence, memoranda and other written advice from the Company's patent counsel or from any Governmental Authority describing or discussing the Intellectual Property that the Company or any Subsidiary owns or has rights to use or the availability of patent protection for the Company's or any Subsidiary's products, services and/or business.

(b) Except for those Material Contracts listed on SCHEDULE 4.18(b) hereto, there are no licenses, contracts or other agreements pursuant to which the Company or any Subsidiary has agreed to grant or has granted rights with respect to the Intellectual Property that the Company or any Subsidiary owns or has rights to use, or pursuant to which the Company or any Subsidiary enjoys rights in any Intellectual Property owned by any other Person. To Seller's knowledge, none of the Intellectual Property that the Company or any Subsidiary owns or has rights to use is being infringed by any Person.

(c) To Seller's knowledge, SCHEDULE 4.18(a) describes all of the Intellectual Property required to enable the Company and each Subsidiary to lawfully perform its respective Significant Services as currently, and as currently anticipated to be, conducted.

(d) The "Technology," as defined in, and that the Company, the Subsidiaries and their respective Affiliates are prohibited from using for a specified period of time pursuant to, those certain termination agreements listed on SCHEDULE 4.18(d) hereto (collectively, the "TERMINATION AGREEMENTS") (i) does not constitute or contain any Intellectual Property that is owned or used by the Company or any Subsidiary and (ii) is not otherwise necessary for the Company or any Subsidiary to lawfully carry on the Business as currently, or as currently anticipated to be, conducted.

Section 4.19. TAXES.

(a) Except as set forth on SCHEDULE 4.19(a) hereto, (i) all returns and reports in respect of all Taxes that are required to be filed with respect to the Company, the Subsidiaries or the Business have been timely filed; (ii) all Taxes required to be shown on such returns and reports or otherwise due have been timely paid and neither the Company nor any Subsidiary is obligated to pay any penalty or interest in connection therewith; (iii) all such returns and reports are true, accurate and complete; (iv) no adjustment relating to such returns or reports has been proposed by any taxing authority and, to the knowledge of Seller, no basis exists for any such adjustment; (v) there are no pending or, to the knowledge of Seller, threatened actions or proceedings for the assessment or collection of Taxes against the Company or any Subsidiary; (vi) there are no Encumbrances relating to Taxes on any of the Assets; (vii) neither the Company nor any Subsidiary has been at any time a member of any partnership or joint venture or the holder of a beneficial interest in any trust for any period for which the statute of limitations for any Tax has not expired; and (viii) all Taxes required to be withheld, collected or deposited by or with respect to the Company, any Subsidiary or the Business (including without limitation with respect to payments made for interest, royalties, remuneration payable to employees or independent contractors and payments made to non-residents of Australia) have been timely withheld, collected or deposited, as the case may be, and, to the extent required, have been paid to the relevant taxing authority.

(b) There are no outstanding waivers or agreements extending the statute of limitations for any period with respect to any Tax to which the Company or any Subsidiary may be subject. No power of attorney has been granted and is currently in force with respect to any matter relating to Taxes that could affect the Company or any Subsidiary.

(c) Neither the Company nor any Subsidiary (i) has lodged a private ruling request, (ii) is or has been the subject of any Tax audit or is a party to any action or proceeding for the assessment or collection of any Tax and, to Seller's knowledge, no basis exists that may give rise to any such audit, action or proceeding or (iii) is the subject of any dispute or

disagreement with any Governmental Authority relating to any Tax and, to Seller's knowledge, no basis exists that may give rise to any such dispute or disagreement.

(d) The Company has delivered to Purchaser accurate and complete copies of all federal, state and foreign income, franchise and similar tax returns filed by the Company or any Subsidiary since December 1993, all of which are listed on SCHEDULE 4.19(d) hereto, and accurate and complete summaries of all examinations, reports and statements of deficiencies assessed against or agreed to by the Company or any Subsidiary since December 1993.

(e) On the balance sheet included in the Interim Financial Statements, adequate reserves and allowances have been provided to satisfy all liabilities for Taxes relating to the Company or any Subsidiary for periods through the date thereof. Since the date of the balance sheet included in the Interim Financial Statements, neither the Company nor any Subsidiary has incurred any additional liability for Taxes other than as a result of trading activities in the ordinary course of its business.

(f) The Company is not a "controlled foreign corporation" as defined in Section 957(a) of the United States Internal Revenue Code of 1986, as amended (the "CODE").

(g) The Company and each Subsidiary has complied with the provisions of part IIIAA of the Income Tax Assessment Act 1936 (Cth) and, in accordance with such Act, has maintained sufficient records of franking debits and franking credits.

(h) Other than New Zealand and the United Kingdom, the Company does not have any "permanent establishment" (as that term is defined in any relevant double taxation agreement in effect as of the date hereof) outside Australia.

(i) All documents to which the Company or any Subsidiary is a party or in the enforcement of which the Company or any Subsidiary may be interested have been duly and sufficiently stamped in accordance with applicable stamp duty Laws. All stamp duty payable upon any transfer of any issued Ordinary Shares of the Company (other than as contemplated in this Agreement) has been duly paid. Any relief from stamp duty obtained by the Company or any Subsidiary has been properly obtained and no event has occurred as a result of which any such stamp duty from which the Company or any Subsidiary has obtained relief has become payable.

Section 4.20. INVESTMENT REPRESENTATIONS.

(a) Seller hereby represents that it is acquiring the Common Stock to be issued to it hereunder for its own account and not for the account or benefit of any U.S. Person (as defined in APPENDIX A hereto), for investment and not with a view to the resale or distribution thereof in the United States, and Seller will be the sole party in interest of such Common Stock.

(b) Seller represents that it or its Purchaser Representative (as such term is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended (the "SECURITIES ACT")) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks associated with ownership of Common Stock and protecting its interests in connection with the transactions contemplated in this Agreement. Seller is able to bear the substantial economic risks associated with ownership of Common Stock, including the risk of losing its entire investment, and can afford to hold the Common Stock to be acquired by it hereunder for an indefinite period of time.

(c) Seller acknowledges receipt of Purchaser's audited balance sheet as of December 31, 1994 and the related audited profit and loss statement and statement of cash flows for the fiscal year then ended and Purchaser's unaudited balance sheet as of September 30, 1995 and related unaudited profit and loss statement and statement of cash flows for the fiscal quarter then ended. Seller represents that it and/or its Purchaser Representative (i) has reviewed such reports and statements and (ii) has been afforded the opportunity to ask questions and receive answers from personnel of Purchaser or of others acting on its behalf concerning Purchaser and the Purchaser Stock and to obtain any additional information that Purchaser possesses or can acquire without unreasonable effort or expense that is necessary to verify any of the information contained in any such reports and statements.

(d) Seller understands that (i) the Common Stock to be issued hereunder has not been registered under the Securities Act or any applicable securities laws and will be issued under Regulation S promulgated under the Securities Act ("REGULATION S") in reliance upon the representations and warranties of Sellers contained herein, (ii) the Common Stock to be issued hereunder may not be sold, transferred or otherwise disposed of (A) other than in accordance with Regulation S, (B) unless subsequently registered under the Securities Act and applicable securities laws or unless an exemption from such registration is available, and (C) except pursuant to the terms and conditions of the Stock Transfer Agreement and (iii) each certificate representing the Common Stock to be acquired by him hereunder will be imprinted with a legend in substantially the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE LAWS OF ANY JURISDICTION. NO SALE, OFFER TO SELL, ASSIGNMENT, PLEDGE, HYPOTHECATION, GIFT, TRANSFER OR OTHER DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS A REGISTRATION STATEMENT UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO SUCH SHARES IS THEN IN EFFECT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SAID ACT IS AVAILABLE WITH RESPECT TO SAID TRANSFER AND THE REQUIREMENTS OF APPLICABLE STATE LAWS ARE SATISFIED.

THE SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, GIFT, TRANSFER OR OTHER DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS PURSUANT TO A STOCK TRANSFER AND REGISTRATION RIGHTS AGREEMENT BY AND AMONG THE CERTIFICATE HOLDER, TELETECH HOLDINGS, INC. AND CERTAIN OTHER STOCKHOLDERS OF TELETECH HOLDINGS, INC., COPIES OF WHICH MAY BE OBTAINED FROM THE CORPORATION UPON REQUEST.

(e) Seller is not a U.S. Person (as defined in APPENDIX A hereto). Seller represents that the offer to acquire the Purchaser Stock to be acquired by Seller was not communicated to Seller while Seller was in the United States and that this Agreement was executed by Seller outside the United States.

Section 4.21. BROKERS. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Additional Agreement based upon arrangements made by or on behalf of the Company.

Section 4.22. FULL DISCLOSURE. No representation or warranty with respect to the Company or any Subsidiary contained in this Agreement and no written statement contained in any certificate furnished to Purchaser pursuant to this Agreement or any Additional Agreement, or in connection with the transactions contemplated herein or therein, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE V
REPRESENTATIONS AND WARRANTIES
OF PURCHASER

As an inducement to Sellers to enter into this Agreement, Purchaser hereby represents and warrants, as of the date hereof and as of the Closing, to Sellers as follows:

Section 5.01. ORGANIZATION, QUALIFICATION, ETC. OF PURCHASER. Purchaser is a duly incorporated and validly existing corporation under the Laws of the State of Delaware and has all necessary corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been, is currently and is currently anticipated to be conducted.

Section 5.02. CAPITALIZATION; TITLE. As of the Closing, the authorized capital of Purchaser will consist only of (a) 50,000,000 shares of Common Stock, of which 8,140,000 shares are

issued and outstanding and 2,860,000 shares are reserved for issuance upon conversion of convertible preferred stock or stock options of Purchaser, (b) 1,860,000 shares of convertible preferred stock, par value U.S.\$6.45 per share ("PREFERRED STOCK"), all of which are issued and outstanding and, as of the date hereof, are convertible into 1,860,000 shares of Common Stock. All of the issued and outstanding shares of Common Stock and Preferred Stock are duly authorized, validly issued, fully paid and nonassessable. The Common Stock to be issued to the Sellers hereunder (the "PURCHASER STOCK"), when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid, and nonassessable. At the Closing, Sellers will receive good title to the Purchaser Stock, free and clear of all Encumbrances, other than as created by the Stock Transfer Agreement. Except as set forth on SCHEDULE 5.02 hereto, there are no statutory or contractual preemptive rights or outstanding subscriptions, options, warrants, calls, contracts, demands, commitments, convertible securities or other agreements or arrangements of any nature whatsoever under which Purchaser is or may become obligated to issue, assign or transfer any Common Stock, or purchase or make payment in respect of any shares of Common Stock now or heretofore outstanding.

Section 5.03. AUTHORITY OF PURCHASER. Purchaser has all necessary corporate power and authority to execute and deliver this Agreement and each Additional Agreement to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery by Purchaser of this Agreement and each Additional Agreement to which it is a party and the performance by Purchaser of its obligations hereunder and thereunder have been duly authorized by all requisite corporate action on the part of Purchaser. This Agreement and each Additional Agreement to which Purchaser is a party have been duly executed and delivered by Purchaser and (assuming due authorization, execution and delivery by the other parties thereto) constitute or will constitute the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as such enforcement may be subject to Bankruptcy or other similar laws now or hereafter in effect relating to creditors' rights generally.

Section 5.04. NO CONFLICT. Assuming that all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 5.05, have been made or obtained, the execution, delivery and performance by Purchaser of this Agreement and each Additional Agreement to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (a) violate, conflict with or result in the breach of any provision of Purchaser's Certificate of Incorporation or By-laws, (b) conflict with or violate any Law or Governmental Order applicable to Purchaser, which violation or conflict, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Purchaser, or (c) conflict with, or result in any breach of, constitute a default (or any event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation, or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of Purchaser pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument, agreement or

arrangement to which Purchaser is a party or by which any of such assets or properties are bound or affected which could reasonably be expected to have a Material Adverse Effect on Purchaser.

Section 5.05. CONSENTS AND APPROVALS. Except as set forth on SCHEDULE 5.05 hereto, the execution, delivery and performance by Purchaser of this Agreement and each Additional Agreement to which Purchaser is a party do not and will not require any consent, approval, authorization or other order of, action by, filing with, or notification to, any Governmental Authority or other Person.

Section 5.06. LITIGATION. No claims or proceedings are pending or, to the knowledge of Purchaser, threatened by or against Purchaser (or, to Purchaser's knowledge, any of its directors, officers, employees or agents) that, if adversely determined, could reasonably be expected to have a Material Adverse Effect on Purchaser or could reasonably be expected to affect the legality, validity or enforceability of this Agreement or any Additional Agreement to which it is a party.

Section 5.07. FINANCIAL INFORMATION. The unaudited consolidated balance sheet of Purchaser as of September 30, 1995 and the related unaudited profit and loss account and statement of cash flows for the fiscal quarter then ended (the "PURCHASER FINANCIAL STATEMENTS") have been derived from the books of account and other financial records of Purchaser and have been prepared in accordance with United States generally accepted accounting principles, consistently applied throughout the period involved (except that the Purchaser Financial Statements do not contain footnotes), subject to year-end adjustments consisting only of normal, recurring accruals, and give a true and fair view of the state of affairs of Purchaser as at such date and the results of its operations for the period then ended.

Section 5.08. CONDUCT OF BUSINESS IN THE ORDINARY COURSE. Since the date of the Purchaser Financial Statements, Purchaser has conducted business only in the ordinary course and consistent with past practice.

Section 5.09. MATERIAL CONTRACTS. Purchaser has, or has caused to be, made available to Sellers for review and duplication, accurate and complete copies (or, in the case of oral contracts, summaries thereof) of all of the following contracts and agreements, together with all amendments, waivers or changes thereto, to which Purchaser or any wholly-owned subsidiary of Purchaser (each, a "PURCHASER SUBSIDIARY") is a party (such material contracts and agreements, which are listed on SCHEDULE 5.09 hereto under the appropriate subsection reference, collectively the "PURCHASER CONTRACTS"):

(a) each contract or agreement for the furnishing of services by Purchaser or any Purchaser Subsidiary, under the terms of which Purchaser or such Purchaser Subsidiary is reasonably anticipated to receive fees or other consideration in excess of U.S.\$500,000 in the aggregate in any 12-month period;

(b) all management contracts, agreements or similar arrangements between Purchaser or any Purchaser Subsidiary and any independent contractor, consultant or other Person (including an Affiliate), under the terms of which Purchaser or such Purchaser Subsidiary is reasonably anticipated to pay fees or give other consideration in excess of U.S.\$250,000 in the aggregate in any 12-month period;

(c) all contracts and agreements that limit or purport to limit the ability of Purchaser or any Purchaser Subsidiary to compete (i) in any line of business, (ii) with any Person, (iii) in any geographic area, or (iv) during any period of time; and

(d) all contracts, agreements or arrangements (whether written, oral or otherwise) between or among Purchaser or any Purchaser Subsidiary, on the one hand, and any Purchaser Subsidiary, Purchaser, any director, officer, employee or any Affiliate of any of the foregoing, on the other hand.

Section 5.10. INTELLECTUAL PROPERTY.

(a) SCHEDULE 5.10(a) hereto constitutes an accurate and complete list and/or summary description of all (i) trademarks, service marks and trade names, whether or not registered or registrable, that are necessary to the ongoing delivery of Primary Services (as defined herein) and (ii) computer software, including, without limitation, source code, operating systems and specifications, data, data bases, files, documentation and other materials related thereto that are necessary to the ongoing delivery of Primary Services; other than any such non-proprietary intellectual property available for purchase or for non-exclusive license by members of the general public (collectively, "PURCHASER INTELLECTUAL PROPERTY"). For purposes of this Section 5.10, "PRIMARY SERVICES" means those services provided by Purchaser or any Purchaser Subsidiary, the revenues from which equalled more than five-percent (5%) of the consolidated revenues of Purchaser and the Purchaser Subsidiaries for fiscal year 1995, or are reasonably expected to equal more than five-percent (5%) of the consolidated revenues of Purchaser and the Purchaser Subsidiaries for fiscal year 1996. Purchaser or such Purchaser Subsidiary has full ownership of, or the right to use, all material Purchaser Intellectual Property in the manner in which it is currently used and neither Purchaser nor such Purchaser Subsidiary has any knowledge that the conduct of Purchaser's business as now operated conflicts with or infringes, or has been alleged to infringe, any rights or franchises of any Person in any manner. Except as set forth on SCHEDULE 5.10(a), no current or former consultant, employee or Affiliate of Purchaser, any Purchaser Subsidiary or any of their respective shareholders, members, partners, officers or directors has any right, title or interest in any of the Purchaser Intellectual Property. Purchaser heretofore has delivered to Sellers accurate and complete copies of all material correspondence, memoranda and other written advice from Purchaser's patent counsel or from any Governmental Authority describing or discussing the Purchaser Intellectual Property or the availability of patent protection for Purchaser's or any Purchaser Subsidiary's products, services and/or business.

(b) Except as indicated on SCHEDULE 5.10(a) hereto, there are no licenses, contracts or other agreements pursuant to which Purchaser or any Purchaser Subsidiary has agreed to grant or has granted rights with respect to the Purchaser Intellectual Property or pursuant to which Purchaser or any Purchaser Subsidiary enjoys rights in any Intellectual Property owned by any other Person. To Purchaser's knowledge, none of the Purchaser Intellectual Property is being infringed by any Person.

Section 5.11. BROKERS. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Additional Agreement to which Purchaser is a party based upon arrangements made by or on behalf of Purchaser.

Section 5.12. FULL DISCLOSURE. No representation or warranty of Purchaser contained in this Agreement or any Additional Agreement to which Purchaser is a party and no written statement contained in any certificate furnished or to be furnished to Seller or the Company pursuant to this Agreement or any Additional Agreement to which Purchaser is a party, or in connection with the transactions contemplated herein or therein, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact, necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VI
CONCURRENT TRANSACTIONS; DELIVERIES; CONDITIONS

Section 6.01. CONCURRENT TRANSACTIONS.

(a) Each party hereto acknowledges that each of the other parties hereto has relied upon the accuracy, validity and effectiveness of its representations, warranties, covenants and agreements in deciding to enter into this Agreement and that the following Concurrent Transactions will occur concurrently with the Closing:

(i) Purchaser and each Seller will execute the Stock Transfer Agreement;

(ii) the Company will assign to Access 24 Limited, on terms satisfactory to Purchaser, that certain Agreement for the Provision of Information Services dated July 24, 1995; PROVIDED that neither the Company nor any Subsidiary suffers significant adverse tax consequences, including without limitation any loss of tax deductions, as a result of such assignment;

(iii) Purchaser, the Company and RACV Insurance Limited, an Affiliate of Access, will execute a strategic protection agreement, in the form of EXHIBIT B hereto (the "STRATEGIC PROTECTION AGREEMENT"); and

(iv) RACV and Bevero will execute an agreement, in the form of EXHIBIT C hereto, pursuant to which Bevero will transfer its ownership interest in Auto 24 Pty Ltd., an Australian corporation jointly owned by Bevero and RACV, to RACV (or its designee) and, in connection therewith, (A) all outstanding indebtedness of Auto 24 Pty Ltd. to the Company, as set forth on SCHEDULE 3.07, will be repaid in full and (B) certain of the employees of Auto 24 Pty Ltd. (determined by Purchaser in its discretion) will be transferred to the Company and RACV will pay or will deliver funds to the Company to pay all employee entitlement liability, including without limitation, liability for long service leave and annual leave, resulting from such transfer .

(b) The parties hereto agree that all of the documents to be executed and delivered pursuant to this Section 6.01 shall be deemed to be executed and delivered concurrently with this Agreement and none of such documents shall become effective until all such documents have been fully executed and delivered.

Section 6.02. CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATION TO CLOSE. The obligations of Purchaser to consummate the transactions contemplated hereby are subject to the satisfaction or, in Purchaser's sole discretion, waiver on or before the Closing of each of the following conditions:

(a) DELIVERIES BY SELLERS. On or prior to the Closing, each Seller shall execute or cause to be executed (where necessary) and deliver or cause to be delivered to Purchaser the following documents, certificates and agreements:

(i) certificates representing all of the Shares owned by Seller, together with stock transfer forms duly executed to effect transfer of such Shares to Purchaser on the books and records of the Company;

(ii) a certificate executed by a duly authorized officer, or other Person with valid power of attorney to act on behalf, of Seller certifying that the representations and warranties made herein by such Seller are accurate and complete in all material respects as of the Closing, except for any representations or warranties that relate solely to an earlier date (in which case such representations and warranties were accurate and complete as of such earlier date);

(iii) fully executed copies of all consents, approvals, authorizations and other instruments listed on SCHEDULES 3.05 and 4.06 (including written consents and/or waivers from RACV with respect to any Material Contract to which it is a party (as the same may be extended or otherwise amended by the parties thereto immediately prior to or simultaneously with the Closing) agreeing not to exercise any right it may have to terminate such Material Contract solely as a result of the transactions contemplated hereby);

(iv) such agreements, contracts, instruments and/or other documents, in form and substance satisfactory to Purchaser, necessary and sufficient to (A) terminate all agreements pursuant to which the Company uses software owned and/or leased by Dataview Solutions and (B) transfer and assign to the Company title to, or to grant to the Company a perpetual, royalty-free, exclusive license to use and reproduce, anywhere in the world, the computer software, including without limitation, any source code, operating systems, system specifications and other trade secrets related thereto owned or licensed by Dataview Solutions that currently are used by the Company, any Subsidiary or in connection with the Business;

(v) with respect to each of the agreements listed on SCHEDULE 6.02(a)(v) hereto, a fully executed novation deed, assignment and/or other documents and instruments necessary to substitute the Company for any predecessor or Affiliate of the Company that currently is a party thereto, executed by the Persons party to each such agreement;

(vi) with respect to those certain agreements listed on SCHEDULE 4.18(d), nomination deeds or other documents, instruments or deeds (A) necessary and sufficient to irrevocably assign to the Company (or its designee) the fees to be paid thereunder to Bevero by World Travel Protection Canada Inc., U.S.A. Multiservices, Inc. and/or Multiservices Canada Inc. and (B) pursuant to which Bevero, John Kendall and Louis Carroll agree not to take, or cause or allow to be taken, any action that would cause or trigger termination of payment of the Termination Fee thereunder;

(vii) (A) a license agreement in form and substance satisfactory to Purchaser pursuant to which Medical Benefits Funds Australia Limited ("MBF") grants to the Company and its Affiliates a license to use the "fact sheets" developed by the Company in connection with its agreement with MBF or (B) an amendment to the Company's existing agreement with MBF, which allows the Company to use such fact sheets outside Australia;

(viii) to the extent not provided for in any Additional Agreement to which the Company is a party, such agreements, contracts, instruments and/or other documents necessary and sufficient to transfer and assign to the Company title to, or to grant to the Company a perpetual, royalty-free, exclusive license to use and reproduce, anywhere in the world, the computer software, including, without limitation, any source code, operating systems, system specifications and other trade secrets related thereto, owned or licensed by Auto 24 Pty Ltd. that currently are used by the Company, any Subsidiary or in connection with the Business;

(ix) fully executed amendments, waivers and/or letters of comfort with respect to each of the Material Contracts listed on SCHEDULE 6.02(a)(ix) hereto, satisfactory in form and substance to Purchaser, clarifying ambiguous terms and conditions thereof;

(x) an accurate and complete copy, certified by the Secretary of Seller, of the resolutions duly and validly adopted by the board of directors of Seller evidencing its authorization of the execution and delivery of this Agreement and the Additional Agreements to which Seller is a party, and the consummation of the transactions contemplated hereby and thereby;

(xi) evidence that every independent contractor of the Company or any Subsidiary who does not earn more than 90% of his or her total annual income from the Company or such Subsidiary (each, an "INDEPENDENT CONTRACTOR") is covered by professional liability insurance, in an amount satisfactory to Purchaser, with respect to such Independent Contractor's performance of services on behalf of the Company or such Subsidiary;

(xii) certificates of the Secretaries of Seller and the Company certifying the names and signatures of the officers, directors or other Persons with valid power of attorney to act on behalf, of Seller and the Company, respectively, authorized to sign this Agreement, the Additional Agreements to which it is a party and the other documents to be delivered hereunder and thereunder on behalf of Seller or the Company, respectively;

(xiii) resignations, effective as of the Closing Date, of those directors and officers of the Company and/or the Subsidiaries set forth on SCHEDULE 6.02(a)(xiii) hereto;

(xiv) employment agreements or, at Purchaser's option, confidentiality and non-competition agreements, executed by the Company and each of the key employees and officers of the Company whose names are listed on SCHEDULE 6.02(a)(xiv) hereto;

(xv) (A) an estoppel certificate from Westpac, in form and substance satisfactory to Purchaser, with respect to all agreements, documents and/or instruments governing the Retained Liability, confirming (among other things) that the indebtedness outstanding thereunder does not exceed A\$1.6 million and (B) the written agreement of Westpac to (1) waive any and all rights it may have to accelerate repayment of the Retained Liability as a result of the transactions contemplated hereby and (2) continue the Retained Liability on the terms in effect as of the date hereof or on terms satisfactory to Purchaser, in its sole discretion;

(xvi) an opinion of Seller's counsel, in substantially the form of EXHIBIT D hereto;

(xvii) a copy of each Additional Agreement to which Seller or the Company is a party, executed by Seller or the Company, respectively; and

(xviii) the Interim Financial Statements.

(b) NO ADVERSE CHANGE. No circumstance, event or change shall have occurred that has or could reasonably be expected to have a Material Adverse Effect on the Company.

(c) WRITTEN CONTRACTS. All of the Material Contracts described in Section 4.17(f) shall have been reduced to writing, in form and substance reasonably satisfactory to Purchaser, and executed by the parties thereto.

(d) TRANSFER OF INTELLECTUAL PROPERTY. Access 24 Pty Ltd. shall have transferred, conveyed or assigned to the Company (or its designee), free and clear of all Encumbrances, all of Access 24 Pty Ltd.'s right, title and interest in and to any and all Intellectual Property, whether registered, subject to pending applications for registration or otherwise, that Access 24 Pty Ltd. owns, licenses or has rights to use.

(e) SALE OF FORMER SUBSIDIARY. The Company shall have consummated the sale, effective on or before December 31, 1995, of all of its right, title and interest in and to Support 24 Pty Ltd. (f/k/a Software Sanctuary Pty Limited), an Australian company ("SUPPORT 24"), and Sellers shall have provided evidence of the discharge and release of any and all guarantees or agreements for indemnity, suretyship or accommodation given by the Company or any Subsidiary to any Person with respect to Support 24.

(f) CONDUCT OF BUSINESS. From November 15, 1995 until the Closing, the Company shall not have taken, and shall not have entered into any arrangement or agreement to take, any action to: (i) declare, pay or make any dividend or any other distribution of any kind (including without limitation distributions of cash, stock or assets of the Company), on or with respect to any of Ordinary Shares or any other capital stock of the Company or any Subsidiary, or any obligations convertible or exchangeable into Ordinary Shares or any other capital stock of the Company or any Subsidiary, (ii) except as otherwise may be expressly permitted hereunder, incur any indebtedness for borrowed money or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any Person (other than indebtedness in respect of current accounts payable or accrued expenses incurred in the ordinary course of the Business), or (iii) increase in any manner the compensation or fringe benefits of any of employee, officer or director of the Company or any Subsidiary, including without limitation through the granting or acceleration of vesting of stock options or employee benefits; PROVIDED, HOWEVER, that the Company or any Subsidiary may have undertaken routine annual performance and salary reviews of non-officer employees and, in connection therewith, may have increased the compensation of such employees by an amount not in excess of 5% over such employees' prior level of compensation.

(g) NO PROCEEDING OR LITIGATION. No action, proceeding or litigation shall have been commenced or threatened by any Governmental Authority seeking to restrain or materially alter the transactions contemplated in this Agreement or in any of the Additional Agreements which, in the reasonable good faith determination of the parties hereto, is likely to render it commercially impracticable, impossible or unlawful, or otherwise render inadvisable the parties' intent, to consummate the transactions contemplated hereby or in any of the Additional Agreements.

(h) INDEBTEDNESS TO AFFILIATES. All intracompany indebtedness listed on SCHEDULE 3.07 shall have been satisfied and paid in full, other than any such indebtedness to or from any Subsidiary that as of and immediately after the Closing will be wholly-owned by the Company or Purchaser.

Section 1.063. CONDITIONS PRECEDENT TO EACH SELLER'S OBLIGATION TO CLOSE. The obligations of each Seller to consummate the transactions contemplated hereby are subject to the satisfaction or, in each Seller's sole discretion, waiver on or before the Closing of each of the following conditions:

(a) DELIVERIES BY PURCHASER. On or prior to the Closing, Purchaser shall execute (where necessary) and deliver or cause to be delivered to Sellers and the Company the following documents, certificates and agreements:

(i) a certificate executed by a duly authorized officer, or other Person with valid power of attorney to act on behalf, of Purchaser certifying that the representations and warranties of Purchaser contained in this Agreement are accurate and complete in all material respects as of the Closing, except for any representations or warranties that relate solely to an earlier date (in which case such representations and warranties were accurate and complete as of such earlier date);

(ii) fully executed copies of all consents, approvals, authorizations and other instruments listed on SCHEDULE 5.05;

(iii) an accurate and complete copy, certified by the Secretary of Purchaser, of the resolutions duly and validly adopted by the board of directors of Purchaser evidencing its authorization of the execution and delivery of this Agreement and each Additional Agreement to which Purchaser is a party, and the consummation of the transactions contemplated hereby and thereby;

(iv) a certificate of the Secretary of Purchaser certifying the names and signatures of the officers, or other Persons with valid power of attorney to act on behalf, of Purchaser authorized to sign this Agreement, the Additional Agreements to which Purchaser is a party and the other documents to be delivered by Purchaser hereunder;

(v) an opinion of Purchaser's counsel, in substantially the form of EXHIBIT E hereto; and

(vi) a copy of each of the Additional Agreements to which Purchaser is a party, each executed by Purchaser.

(b) PAYMENT OF THE PURCHASE PRICE. Purchaser shall pay to Sellers the cash portion of the Purchase Price and shall issue and deliver certificates representing the Common Stock, in the manner and in the amounts set forth in Section 2.02.

(c) RELEASE OF GUARANTEES. Each Seller will obtain a release of any guarantee, endorsement or other accommodation, if any, granted by it to Westpac on behalf and for the benefit of the Company with respect to the Retained Liability.

(d) NO ADVERSE CHANGE. No circumstance, event or change shall have occurred that has or could reasonably be expected to have a Material Adverse Effect on Purchaser.

(e) NO PROCEEDING OR LITIGATION. No action, proceeding or litigation shall have been commenced or threatened by any Governmental Authority seeking to restrain or materially alter the transactions contemplated in this Agreement or in any of the Additional Agreements which, in the reasonable good faith determination of the parties hereto, is likely to render it commercially impracticable, impossible or unlawful, or otherwise render inadvisable the parties' intent, to consummate the transactions contemplated hereby or in any of the Additional Agreements.

ARTICLE VII INDEMNIFICATION

Section 7.01. SURVIVAL. All representations and warranties contained herein and made in writing by or on behalf of the parties hereto in connection with the transactions contemplated hereby shall survive the execution and delivery of this Agreement and the Closing, regardless of any investigation made at any time with respect to any of the foregoing or any information the parties may have in respect thereto, until 60 days after the Company's receipt from its independent public accountants of the final audited consolidated balance sheet of the Company as of December 31, 1996 and the related audited profit and loss account and statement of cash flows for the fiscal year then ended, together with such independent public accountants' report thereon, but in no event later than May 31, 1997; PROVIDED, HOWEVER that all of the agreements contained herein (including, without limitation, those contained in Articles VII, VIII and IX) and the representations and warranties contained in Sections 3.02, 4.02, 4.03, 4.19, 4.20 and 5.02 shall survive without limitation as to time.

Section 7.02. PURCHASER'S RIGHT TO INDEMNIFICATION.

(a) Subject to the provisions of this Article VII and in addition to any other rights and remedies available to Purchaser under applicable Law, Sellers, jointly and severally (unless the representation and warranty, covenant or agreement under which indemnification is sought expressly provides otherwise), on behalf of themselves and their successors and assigns, hereby agree to indemnify Purchaser and all of Purchaser's Affiliates, members, shareholders,

directors, partners, officers, employees, agents and representatives, and all successors, permitted assigns and fiduciaries thereof (the "PURCHASER INDEMNIFIED PARTIES") and save and hold each of them harmless from and against, and pay on behalf of or reimburse any such Purchaser Indemnified Party as and when incurred for, any and all liabilities, demands, claims, actions, causes of action, assessments, losses, costs, damages, deficiencies, fines or expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, reasonable attorneys' fees and all amounts paid in investigation, defense or settlement of any of the foregoing (collectively, "LOSSES") that any Purchaser Indemnified Party may suffer, sustain or become subject to, in connection with, incident to, resulting from or arising out of or in any way relating to or by virtue of:

(i) any misrepresentation or breach of warranty on the part of either Seller or the Company under this Agreement, or any misrepresentation in any of the statements, schedules and exhibits, certificates or other instruments furnished to Purchaser by or on behalf of either Seller or the Company pursuant to this Agreement;

(ii) any nonfulfillment or breach of any covenant or agreement on the part of either Seller or the Company under this Agreement;

(iii) any action, demand, proceeding, investigation or claim by any Person (including Governmental Authorities) against or affecting any Purchaser Indemnified Party in connection with or relating in any way to Support 24; or

(iv) any action, demand, proceeding, investigation or claim by any Person (including Governmental Authorities) against or affecting any Purchaser Indemnified Party that, if successful, could reasonably be expected to give rise to or evidence the existence of or relate to a misrepresentation, breach or nonfulfillment of any of the representations, warranties, covenants or agreements of either Seller or the Company.

(b) To the extent any Losses sustained by a Purchaser Indemnified Party are recoverable under the Company's or any Subsidiary's insurance, the amount recovered under such insurance shall reduce, dollar-for-dollar, Sellers' indemnification obligations under this Section 7.02 for such Losses. Purchaser agrees to use its reasonable best efforts to pursue such insurance claims, to the extent the same are available, with respect to all Losses; PROVIDED, HOWEVER, that nothing contained herein shall prohibit Purchaser from simultaneously pursuing indemnification from Sellers (or either of them) to preserve Purchaser's right to indemnification hereunder or in the event such Losses ultimately are determined to not be covered by insurance.

(c) Purchaser acknowledges that, with respect only to those representations and warranties for which written disclosures are set forth on the Schedules attached to this Agreement, Purchaser has had the opportunity to conduct due diligence and is not aware of any misrepresentation or breach of such representations and warranties as of the date hereof.

Section 7.03. SELLERS' RIGHT TO INDEMNIFICATION. Subject to the provisions of this Article VII and in addition to any other rights and remedies that may be available to Sellers under applicable Law, Purchaser, on behalf of itself and its successors and assigns, hereby agrees to indemnify Sellers and all of Sellers' Affiliates, members, shareholders, directors, partners, officers, employees, agents and representatives, and all successors, permitted assigns and fiduciaries thereof (the "SELLER INDEMNIFIED PARTIES") and save and hold each of them harmless from and against, and pay on behalf of or reimburse any such Seller Indemnified Party as and when incurred for, any and all Losses that any Seller Indemnified Party may suffer, sustain or become subject to, in connection with, incident to, resulting from or arising out of or in any way relating to or by virtue of:

(a) any misrepresentation or breach of warranty on the part of Purchaser under this Agreement, or any misrepresentation in any of the statements, schedules and exhibits, certificates or other instruments furnished to Sellers by or on behalf of Purchaser pursuant to this Agreement;

(b) any nonfulfillment or breach of any covenant or agreement on the part of Purchaser under this Agreement; or

(c) any action, demand, proceeding, investigation or claim by any Person (including Governmental Authorities) against or affecting any Seller Indemnified Party that, if successful, could reasonably be expected to give rise to or evidence the existence of or relate to a misrepresentation, breach or nonfulfillment of any of the representations, warranties, covenants or agreements of Purchaser.

Section 7.04. LIMITATION ON INDEMNIFICATION OBLIGATIONS. Neither Sellers nor Purchaser shall be entitled to indemnification from Purchaser or Sellers, respectively, for Losses unless such Losses exceed U.S.\$50,000 individually ("EXCLUDED LOSSES"). At such time as Sellers or Purchaser, as the case may be, incur cumulative Losses (including Excluded Losses) in excess of U.S.\$200,000 in the aggregate, then Purchaser or Sellers, respectively, shall be liable for indemnification of all such Losses. In no event shall the liability hereunder (a) of any Seller exceed the value of the shares of Common Stock received by such Seller, determined at the time a claim for indemnification is made, or (b) of Purchaser exceed the Purchase Price.

Section 7.05. INDEMNIFICATION PROCEDURE FOR THIRD PARTY CLAIMS.

(a) Within 10 days after obtaining written notice of any claim or demand which has given rise, or could reasonably be expected to give rise, to a claim for indemnification hereunder, the party seeking indemnification shall give written notice of such claim (a "NOTICE OF CLAIM") to the other party. Failure to timely give a Notice of Claim within such 10-day period shall not relieve the indemnifying party of its obligations hereunder, unless the failure to so notify actually results in damage or prejudice to such indemnifying party. Each Notice of Claim shall set forth a brief description of the facts giving rise to such claim and the amount (or a

reasonable estimate) of the loss, damage or expense suffered, or which may be suffered, by the party seeking indemnification.

(b) Upon receiving a Notice of Claim, the indemnifying party shall resist, settle or otherwise dispose of the claim described therein in such manner as it shall deem appropriate, including the employment of counsel, and shall be responsible for the payment of all expenses, including the reasonable fees and expenses of such counsel. The indemnified party shall have the right to employ separate counsel in any such action and to participate in or assume the defense thereof, but the fees and expenses of such counsel shall be at the indemnified party's expense unless (i) the employment has been specifically authorized by the indemnifying party in writing, (ii) the indemnifying party has failed in a timely manner to assume the defense and employ counsel, or (iii) the named parties to any action (including any impleaded parties) include Purchaser and any of Sellers or the Company, and the indemnified party has been advised by such counsel that representation of Purchaser and any of Sellers or the Company by the same counsel would be inappropriate under applicable standards of professional conduct due to actual or potential differing interests between them (in which case, if the indemnified party notifies the indemnifying party in writing that the indemnified party elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall have neither the right nor the obligation to assume the defense of such action on behalf of the indemnified party).

Section 7.06. NO RESCISSION. Neither Purchaser nor Seller shall be entitled to rescind this Agreement as a result or on account of any misrepresentation or any breach of or nonfulfillment by Sellers or Purchaser, respectively, of any warranty, covenant or agreement contained herein.

Section 7.07. CONTRIBUTION BETWEEN SELLERS. Sellers hereby agree that where a representation or warranty contained herein is made by Sellers jointly and severally and Purchaser recovers from Sellers (or either of them), in circumstances where both Sellers are liable, damages or other remedies for breach of any such representation or warranty in a proportion that is not equal as between Access and Bevero, the Seller from which a proportion of greater than 50% is recovered (the "OVERPAYING SELLER") may separately recover from the other Seller the amount in excess of 50% of such damages or other remedies paid by the Overpaying Seller. Notwithstanding the foregoing, nothing contained in this Section 7.07 shall preclude or prohibit Purchaser from seeking or collecting amounts in respect of indemnification, or otherwise enforcing any rights to which Purchaser may be entitled under this Article VII, from either or both Sellers.

ARTICLE VIII CONFIDENTIALITY; NON-COMPETITION

Section 8.01. CONFIDENTIAL INFORMATION. Each Seller recognizes and acknowledges that all confidential and proprietary information of the Company or any Subsidiary, including without limitation business and marketing plans, financial information, pricing, cost and sales information, contractual arrangements, market research data and other information about the Company's and

the Subsidiaries' actual and prospective employees, customers and suppliers and information concerning Intellectual Property that the Company or any Subsidiary owns or has rights to use (collectively, the "CONFIDENTIAL INFORMATION") is a valuable, special and unique asset of the Company. At no time shall either Seller or any of its directors, officers, employees, attorneys, accountants, and other agents or representatives (collectively, "REPRESENTATIVES" of such Seller) disclose any Confidential Information or any part thereof, to any Person for any reason or purpose whatsoever except in accordance with the terms of Section 8.02. Each Seller agrees that money damages alone would not be an adequate remedy for breach of Section 8.01 or 8.02 and, accordingly, in the event of a breach or threatened breach by a Seller or its Representative of the provisions of Section 8.01 or 8.02, the Company shall be entitled, without being required to post a bond, to an injunction restraining such Seller or its Representative from disclosing, in whole or in part, the Confidential Information, or from rendering any services to any Person to whom the Confidential Information, in whole or in part, has been disclosed or is threatened to be disclosed. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including recovery of damages from the breaching Seller. In any action or proceeding to enforce the provisions of Section 8.01 or 8.02, the prevailing party shall pay, and shall be reimbursed by the non-prevailing party for, all costs incurred in such action or proceeding including, without limitation, all court costs and filing fees, and all reasonable attorneys' fees, incurred either at the trial level or at the appellate level. Each Seller shall be severally, not jointly, liable for any breach of this Section 8.01 by its Representatives. Sections 8.01 and 8.02 shall survive the termination of this Agreement.

Section 8.02. PERMITTED DISCLOSURES. Notwithstanding the provisions of Section 8.01, disclosure of Confidential Information may be made by a Seller or its Representatives to the extent that either (a) in the opinion of such Seller's outside legal counsel, such disclosure is required pursuant to the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the rules and regulations under either such Act, or any other applicable law, rule or regulation, or (b) such disclosure is legally compelled by judicial or administrative order, deposition, interrogatory, request for documents, subpoena, investigative demand or other process or otherwise is necessary in connection with any claim or litigation arising under or with respect to this Agreement. In the event that a Seller or its Representative becomes subject to a demand for discovery or other request for disclosure of Confidential Information pursuant to applicable law or regulation or legal process, such Seller, on its own or on its Representative's behalf, shall give prompt notice to the Company of such demand or request and shall cooperate, as reasonably requested, in seeking a protective order or other appropriate remedy and/or, to the extent permitted by law, with respect to the form of such required disclosure. The Confidentiality provisions of this Article VIII do not apply to, and the term "Confidential Information" does not include, any information which (A) at the time of disclosure or thereafter is generally available to the public (other than as a result of a disclosure directly or indirectly by the Seller or its Representatives in violation of this Section), or (B) was or becomes available to the Seller or its Representatives on a nonconfidential basis from a source other than the Company; PROVIDED that

such source is not known by the Seller or any of its Representatives (after reasonable inquiry) to be bound by a confidentiality agreement with the Seller or its Representatives.

Section 8.03. NON-COMPETITION. Each Seller covenants and agrees that neither it nor any of its Affiliates, either on its own account or jointly with, on behalf of or for any Person, whether as principal, agent, partner, shareholder, director, consultant, employee or otherwise and whether directly or indirectly, shall:

(a) at any time during the Relevant Period (as defined herein), other than on behalf of the Company, work for, carry on, assist or have an interest in, directly or indirectly, any business that is directly or substantially in competition with the Relevant Business (as defined herein);

(b) at any time during the Relevant Period, solicit any business that would be in direct or substantial competition with the Relevant Business from any Person who, at any time during the Relevant Period, was a customer or client of the Company (or who at any time during such period was in the course of negotiating with to become a customer or client);

(c) unreasonably interfere with the performance of any agreement relating to the Relevant Business to which the Company or any Subsidiary is party; or

(d) use or permit the Company's or any Subsidiary's name to be used so as to suggest an inappropriate connection between such Seller's business and the Company or such Subsidiary;

PROVIDED THAT nothing in this Section 8.03 shall preclude a Seller or its Affiliates from holding or acquiring, directly or indirectly, not more than 5% in the aggregate, of the issued shares or other securities of any other Person, which securities are listed or dealt in on any recognized stock exchange or other organized trading market or limit or otherwise prevent Access from providing Services as defined in the Strategic Protection Agreement to RACV and its Affiliates upon termination of the Strategic Protection Agreement. For purposes of this Section 8.03, the "RELEVANT PERIOD" shall mean the period commencing on the Closing Date and ending 24 months after the Closing Date. "RELEVANT BUSINESS" shall mean the business of using integrated voice and data communications technology to arrange medical treatment, travel and accommodation and trade assistance, and/or to provide specialized information, customer loyalty and other programs, in Australia, New Zealand or the United Kingdom to any Person or to members or policy holders of any Person (other than an Affiliate of such Seller) pursuant to a contract, agreement or other arrangement to which Purchaser, the Company, any Subsidiary or any of their respective Affiliates is a party; PROVIDED, HOWEVER, that "Relevant Business" shall not include any business conducted by RACV or its Affiliates as of the Closing Date and the business to be conducted by Auto 24 Pty Ltd. following the Closing as contemplated by and/or pursuant to that certain Management Agreement between Auto 24 Pty Ltd. and the Company. The provisions of this Section 8.03 shall survive the Closing.

ARTICLE IX
GENERAL PROVISIONS

Section 9.01. CANCELLATION OF OPTIONS. In connection with, and as a inducement for Purchaser to enter into this Agreement, each Seller hereby acknowledges and agrees that any and all options, warrants and other rights of Seller to acquire capital stock of the Company or any Subsidiary will be terminated and cancelled as of the Closing. The Company hereby terminates and cancels, effective as of the Closing, any and all options, warrants and other rights of each Seller, if any, to acquire capital stock of the Company or any Subsidiary

Section 9.02. EXPENSES. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 9.03. STAMP DUTIES. As soon as possible following the Closing, Purchaser will pay all stamp duties of any kind applicable to or as a result of the transfer of the Shares to Purchaser. This Section 9.02 shall survive the Closing.

Section 9.04. SECTION 338 ELECTION. Purchaser shall have the unconditional right to make an election under Section 338(g) of the Code or similar state statutes with respect to the purchase of the Shares. The deemed sale price of the assets of the Company for Tax purposes shall be determined by Purchaser according to the ADSP formula described in Temporary Treasury Regulation Section 1.338-3. No party to this Agreement makes any warranties to any other party hereto of the Tax treatment of the transactions contemplated by this Agreement under the provisions of any Sections of the Code or other applicable Law. If Purchaser makes an election under 338(g) of the Code, Purchaser shall be solely responsible for, and shall hold Sellers harmless from, any increase in Tax that may become due or may be claimed to be due as a result of Purchaser's election.

Section 9.05. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made) upon the earliest to occur of (a) receipt, if made by personal service, (b) five days after delivery, if made by reputable overnight courier service, (c) upon the delivering party's receipt of a written confirmation of a transmission made by cable, by telecopy, by telegram, or by telex or (d) ten days after being mailed by registered or certified air mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.04):

(a) if to Purchaser:

TeleTech Holdings, Inc.
1700 Lincoln Street, Suite 1400
Denver, Colorado 80203
Attention: President
Telecopy: (303) 894-4203

with a copy to:

Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200
Chicago, Illinois 60602
Attention: Charles Evans Gerber
Telecopy: (312) 269-1747

(b) if to Sellers:

Access 24 Holdings Pty Limited
c/o Royal Automobile Club of Victoria (RACV) Ltd.
422 Little Collins Street
Melbourne Victoria 3000
Australia
Attention: Pearl Dreier
Telecopy: (61-2) 9670-3780

and

Bevero Pty Limited
c/o Access 24 Service Corporation Pty Ltd
Level 3, 154 Pacific Highway
St. Leonards, New South Wales 2065
Australia
Attention: Chief Executive Officer
Telecopy: (61-2) 9930-1132

with a copy to:

Gardner, Carton & Douglas
Suite 3400 - Quaker Tower
321 North Clark Street
Chicago, IL 60610
Attention: Stephen M. Gatlin
Telecopy: (312) 644-3381

Section 9.06. PUBLIC ANNOUNCEMENTS. Except as required by law, no party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party. Except to the extent prohibited by applicable law, the parties shall cooperate as to the timing and contents of any such press release or public announcement.

Section 9.07. HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.08. SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

Section 9.09. ENTIRE AGREEMENT. This Agreement, including all of the Exhibits and Schedules hereto which are incorporated herein by this reference, constitutes the entire agreement of the parties hereto (including the Company, with respect to Article VIII) with respect to the subject matter hereof and thereof and supersedes all prior agreements and undertakings, both written and oral, between Sellers and Purchaser with respect to the subject matter hereof and thereof.

Section 9.10. ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law or otherwise without the express prior written consent of the other parties hereto, except that the rights and obligations of Purchaser hereunder may be assigned to and assumed by any Affiliate of Purchaser.

Section 9.11. AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, each party hereto. Each party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties of the other parties contained herein or in any document delivered by the other party pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other parties contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by all of the other parties to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 9.12. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware that are applicable to contracts executed in

and to be performed entirely within that jurisdiction (without regard to its principals regarding conflicts of law).

Section 9.13. JURISDICTION; SERVICE OF PROCESS. Each of the parties hereto agrees that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreement which are brought to judicial proceedings shall be litigated in the United States District Court covering Wilmington, Delaware or, in the event such court cannot or will not exercise jurisdiction, in the state courts of the State of Delaware (the "DELAWARE COURTS"). Each Seller agrees that any order or judgment rendered by the Delaware Courts may be enforced against such Seller in any federal or state court sitting in Australia. Each Seller agrees that it will not oppose in any way any application to enforce in Australia a judgment rendered by the Delaware Courts including, without limitation, an application to register a judgment at common law. This Agreement may be pleaded as a bar to any opposition to any application to enforce a judgment in Australia rendered by the Delaware Courts on any grounds whatsoever including, without limitation, service permitted by the Delaware Courts but not permitted by any federal or state court sitting in Australia or a lack of jurisdiction of the Delaware Courts based on a failure to appear. Each of the parties hereto expressly submits to the jurisdiction of the Delaware Courts and consents to process being served in any suit, action or proceeding of the nature referred to above either (a) by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to its address as set forth herein or (b) by serving a copy thereof upon such party's authorized agent for service of process (to the extent permitted by applicable law, regardless whether the appointment of such agent for service of process for any reason shall prove to be ineffective or such agent for service of process shall accept or acknowledge such service); PROVIDED that, to the extent lawful and practicable, written notice of said service upon said agent shall be mailed by registered or certified mail, postage prepaid, return receipt requested, to the party at its address as set forth herein. Each party hereto agrees that such service, to the fullest extent permitted by law, (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall be taken and held to be valid personal service upon and personal delivery to it. Each party hereto waives any claim that any Delaware Court is an inconvenient forum or an improper forum based on lack of venue or jurisdiction.

Section 9.14. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 9.15. PAYMENT OF FEES AND EXPENSES. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding (including, without limitation, all reasonable transportation and lodging expenses), in addition to any other relief to which it may be entitled.

Section 9.16. FURTHER ACTION. Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things reasonably necessary, proper or advisable under applicable Law, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

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

TELETECH HOLDINGS, INC.

By: /s/ Steven B. Coburn

Name:
Title:

ACCESS 24 HOLDINGS PTY LIMITED

By: /s/ Ted Johnson

Name:
Title:

BEVERO PTY LIMITED

By: /s/ Louis Carroll

Name:
Title:

ACCESS 24 SERVICE CORPORATION PTY LIMITED

By: /s/ Louis Carroll

Name:
Title:

DEFINITION OF U.S. PERSON

(1) "U.S. person" means:

- (i) any natural person resident in the United States;
- (ii) any partnership or corporation organized or incorporated under the laws of the United States;
- (iii) any estate of which any executor or administrator is a U.S. person;
- (iv) any trust of which any trustee is a U.S. person;
- (v) any agency or branch of a foreign entity located in the United States;
- (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (viii) any partnership or corporation if:
 - (A) organized or incorporated under the laws of any foreign jurisdiction; and
 - (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Act) who are not natural persons, estates or trusts.

(2) Notwithstanding the foregoing paragraph (1), any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States shall not be deemed a "U.S. person."

(3) Notwithstanding the foregoing paragraph (1), any estate of which any professional fiduciary acting as executor or administrator is a U.S. person shall not be deemed a U.S. person if:

(i) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and

(ii) the estate is governed by foreign law.

(4) Notwithstanding the foregoing paragraph (1), any trust of which any professional fiduciary acting as trustee is a U.S. person shall not be deemed a U.S. person if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person.

(5) Notwithstanding the foregoing paragraph (1), an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. person.

(6) Notwithstanding the foregoing paragraph (1), any agency or branch of a U.S. person located outside the United States shall not be deemed a "U.S. person" if:

(i) the agency or branch operates for valid business reasons; and

(ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

(7) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed "U.S. persons."

SUMMARIZED FROM RULE 902(o), GENERAL
RULES AND REGULATIONS UNDER THE
SECURITIES ACT OF 1933

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report (and to all references to our Firm) included in or made a part of this Registration Statement.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Denver, Colorado
May 15, 1996.

CONSENT OF INDEPENDENT AUDITORS

As independent public accountants, we hereby consent to the incorporation of our report dated April 13, 1994, with respect to the combined statements of income and cash flows of TeleTech Telecommunications, Inc. and TeleTech Teleservices, Inc. for the eleven months ended December 31, 1993 in the Registration Statement on Form S-1 to be filed by TeleTech Holdings, Inc. with the Securities and Exchange Commission and to all references to our firm included therein.

/s/ Gumbiner, Savett, Finkel, Fingleson & Rose, Inc.

GUMBINER, SAVETT, FINKEL, FINGLESON & ROSE, INC.
(Formerly known as Gumbiner, Savett, Friedman & Rose, Inc.)

Santa Monica, California
May 20, 1996

This schedule contains summary financial information extracted from the audited consolidated and combined financial statements for the year ended December 31, 1995 and the unaudited consolidated and combined financial statements for the three months ended March 31, 1996 and is qualified in its entirety by reference to such financial statements.

YEAR	3-MOS	
DEC-31-1995	DEC-31-1996	
JAN-01-1995	JAN-01-1996	
DEC-31-1995	MAR-31-1996	
	42,304	728,403
10,361,213	8,203,527	
9,786,123	14,280,609	
788,907	896,685	
0	0	
21,133,647	24,891,165	
9,103,701	16,308,351	
6,059,424	6,987,766	
30,583,326	49,454,240	
9,828,164	19,511,278	
3,589,615	6,536,153	
12,867,430	13,078,645	
0	0	
81,400	83,493	
3,709,352	9,745,881	
30,583,326	49,454,270	
50,467,490	22,019,345	
50,467,490	22,019,345	
27,245,961	11,194,498	
18,625,431	8,102,020	
0	0	
616,395	107,778	
459,589	234,013	
7,085,080	2,258,844	
2,928,996	1,001,302	
4,156,084	1,257,542	
0	0	
0	0	
0	0	
4,156,084	1,257,542	
.08	.02	
.08	.02	