

REGISTRATION NO. 333-04097

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 3 TO  
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. LANZAR, ESQ.  
MARK D. WOOD, ESQ.  
Katten Muchin & Zavis  
525 West Monroe Street  
Chicago, Illinois 60661  
(312) 902-5200

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. / /

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

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; Change in Independent Accountants
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; Change in Independent Accountants; 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 \$.01 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.

6,220,000 SHARES

[LOGO]  
 COMMON STOCK

OF THE 6,220,000 SHARES OF COMMON STOCK BEING OFFERED, 4,000,000 SHARES ARE BEING SOLD BY THE COMPANY AND 2,220,000 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, 4,976,000 SHARES ARE BEING OFFERED INITIALLY IN THE UNITED STATES AND CANADA BY THE U.S. UNDERWRITERS AND 1,244,000 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 \$14.50 AND \$16.50. SEE "UNDERWRITERS" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. THE COMMON STOCK HAS BEEN APPROVED FOR LISTING ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "TTEC," SUBJECT TO OFFICIAL NOTICE OF ISSUANCE.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" COMMENCING ON PAGE 5 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 933,000 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.  
 INCORPORATED

ALEX. BROWN & SONS  
 INCORPORATED

SMITH BARNEY INC.

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 "TeleTech--integrated customer lifecycle management." Under the title are written the words: "engineered and executed by TeleTech" and "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 eight photographs of the Company's call centers and related technology (in each of the lower left-hand and upper left-hand corners and along the right-hand margin with the word "TeleTech" superimposed). In the center of the gatefold, there is an oval photograph of a woman speaking on the telephone, labelled "Our 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 a press-and-click telephone jack, adjacent to which is a question or request that the client's 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 client's customer might ask appear as follows:

"Tell me about it."  
"Where can I buy it?"  
"I want to order it."  
"How do I install it."  
"Help me use and 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 into the following three phases of the customer lifecycle: "CUSTOMER ACQUISITION - LIMITED VALUE," "CUSTOMER SERVICE + RETENTION - SUSTAINED VALUE," "CUSTOMER SATISFACTION + LOYALTY - MAXIMUM VALUE."

Centered along the lower edge of the gatefold, is an ovaloid 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 "Direct access to product and service providers -- Rapid, single-call resolution -- Personalized service -- Knowledgeable resources -- Flexibility"), and the other of which points to the right indicating "Client Benefits" (listed as "Efficiency and effectiveness in Customer Care -- Controlled operating and labor costs -- Access to state-of-the-art technology -- Enhanced service quality -- Maximum customer value").

TeleTech's corporate logo appears in the lower right-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
Risk Factors.....	5
The Company.....	11
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.....	24
Management.....	36
Certain Relationships and Related Party Transactions.....	43
Principal and Selling Stockholders.....	45
Description of Capital Stock.....	47
Shares Eligible for Future Sale.....	49
Certain United States Federal Tax Consequences for Non-U.S. Holders of Common Stock.....	51
Underwriters.....	53
Legal Matters.....	56
Experts.....	56
Change in Independent Accountants.....	56
Additional Information.....	56
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 BY A STOCK DIVIDEND 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. TeleTech's customer care solutions encompass a wide range of telephone- and computer-based customer acquisition, retention and satisfaction programs designed to maximize the long-term value of the relationships between TeleTech's clients and their customers. Such programs involve all stages of the customer relationship and consist of a variety of customer service and product support activities, such as providing new product information, enrolling customers in client programs, providing 24-hour technical and help desk support, resolving customer complaints and conducting satisfaction surveys. TeleTech works closely with its clients to rapidly design and implement large scale, tailored customer care programs that provide comprehensive solutions to their 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 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 from TeleTech call centers ("Call Centers") utilizing state-of-the-art workstations, which operate on TeleTech's advanced technology platform, enabling the Representatives to provide rapid, single-call resolution. This technology 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 historically has provided services from Call Centers leased and equipped by TeleTech ("fully outsourced") and, since April 1996, also has provided services from Call Centers leased and equipped by a client ("facilities management").

TeleTech typically establishes long-term, strategic relationships, 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. For example, the Company recently entered into significant, multi-year contracts with CompuServe and United Parcel Service and has obtained additional business from AT&T.

The Company was founded in 1982 and has been providing inbound customer care solutions since its inception. Between December 31, 1995 and March 31, 1996, the Company opened, acquired or initiated management of six Call Centers. As of July 15, 1996, TeleTech owned, leased or managed eight Call Centers in the United States and one in each of the United Kingdom, Australia and New Zealand, equipped with a total of 4,829 state-of-the-art workstations. TeleTech currently plans to expand an existing Call Center and open one additional 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 customer inquiries.



THE OFFERING

Common Stock offered.....	6,220,000 shares
	4,000,000 shares by the Company
	2,220,000 shares by the Selling Stockholders
U.S. offering.....	4,976,000 shares
International offering.....	1,244,000 shares
Common Stock to be outstanding after the Offering.....	54,947,430 shares(1)
Use of proceeds to the Company.....	For working capital and general corporate purposes and to repay outstanding short-term indebtedness.
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 5,038,080 shares of Common Stock issuable upon exercise of options outstanding at July 15, 1996 with a weighted average exercise price of \$ 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).....	43,843	43,843	43,843	43,843	54,402	54,331	54,426	
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	\$ 60,689
Total assets.....	49,454	49,454	101,264
Long-term debt, net of current portion.....	6,536	6,536	6,536
Total stockholders' equity.....	9,829	22,908	78,217

(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 \$15.50 per share (net of approximately \$5.7 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."

## 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 A FEW 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, Inc., 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 three largest clients in the first quarter of 1996, AT&T, CompuServe and Continental Airlines, accounted for approximately 22%, 13% and 6%, respectively, of the Company's revenues. The Company's program for Continental Airlines was completed in March 1996 and was not renewed. The lost revenues from the expiration of the Continental Airlines program were more than offset in the first quarter of 1996 by revenues from new clients. The Company received prior notice that Continental Airlines would not renew its contract upon expiration and redeployed to new programs all of the workstations that previously had been dedicated to the Continental Airlines program. Consequently, there was no material capacity underutilization due to the loss of the Continental Airlines program; however, there can be no assurance that the Company's loss of another large client would not result in substantial underutilized capacity.

The Company expects that its three largest clients in 1996 will be AT&T, CompuServe and United Parcel Service, which the Company anticipates collectively will account for an even greater percentage of the Company's 1996 revenues than its three largest clients in 1995. 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations," "--Risks Associated with the Company's Contracts" and "--Dependence on Key Industries."

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 product or service offerings of the Company's clients, including two significant programs developed for AT&T and CompuServe, 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. See "Business--Markets and Clients--Technology."

**DIFFICULTIES OF MANAGING RAPID 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."

The Company's profitability is significantly influenced by its Call Center capacity utilization. Although the Company seeks to maximize utilization, the inbound nature of the Company's business results in significantly higher utilization during peak (weekday) periods than during off-peak (night and weekend) periods. In addition, the Company has experienced, and in the future may experience, at least short-term, excess capacity during peak periods upon the opening of a new Call Center or the termination of a large client program. There can be no assurance that the Company will be able to achieve or maintain optimal Call Center capacity utilization. See "Business-- 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 the client to pay 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. Although several of the Company's clients have elected not to renew or extend short-term contracts, or have terminated contracts on relatively short notice to the Company, to date none of the foregoing types of contractual provisions has had a material adverse effect on the Company's business, results of operations or financial condition. See "Business--Sales and Marketing" and "Business--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 "--Difficulties of Managing Rapid Growth," "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 "--Difficulties of Managing Rapid Growth" and "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. In addition, the Company's health care and financial services strategic business units ("SBUs") were introduced only recently and are still in the development stage. There can be no assurance that the Company can successfully develop these SBUs or that such development can occur in accordance with the Company's current time schedule. Additionally, a substantial percentage of the revenues generated by clients in the telecommunications industry relate to the Company's provision of third-party verification of long-distance service sales, which is required by the rules of the Federal Communications Commission. Such verification services accounted for 19% and 11% of the Company's total revenues in 1995 and in the first quarter of 1996, respectively. Although the Company is not aware of any proposed changes to these rules, the elimination of this requirement could have a material adverse effect on the Company's business, results of operations or financial condition. See "--Highly Competitive Market" and "Business--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 RAPIDLY CHANGING 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 "--Highly Competitive Market" and "Business--Technology."

HIGHLY COMPETITIVE MARKET. 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. For example, Continental Airlines, one of the Company's largest clients in 1995 and the first quarter of 1996, decided not to renew a program completed by the Company in March 1996 due to Continental Airlines' excess in-house call center capacity. 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."

**DIFFICULTIES OF COMPLETING AND INTEGRATING 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 "--Difficulties of Managing Rapid Growth."

The Company recently acquired Access 24 Service Corporation Pty Limited, an Australian company ("Access 24"), which provides customer care solutions to Australian and New Zealand companies, primarily in the health care and financial services industries. Certain of Access 24's services, now provided as part of the Company's health care and financial services SBUs, differ from the traditional outsourcing services of the Company's United States business. The Company also recently entered into a joint venture with PPP Healthcare Group plc ("PPP") to provide services in the United Kingdom and Ireland similar to those provided by Access 24. Several of the services currently provided by Access 24 and the joint venture in the United Kingdom, Australia and New Zealand, particularly services provided for health care clients, may be subject to extensive government regulation if introduced in the U.S. market. There can be no assurance that compliance with applicable U.S. laws and regulations will not limit the scope, or significantly increase the cost to the Company, of providing services in the U.S. market that are comparable to such services currently provided by Access 24 and the joint venture outside the U.S. 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. The Company's international operations accounted for approximately 15% of the Company's revenues for the first quarter of 1996 and, on a pro forma basis reflecting the Company's acquisition of Access 24 as if it had occurred on January 1, 1995, approximately 16.9% of the Company's revenues during 1995. 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--International Operations" and "Pro Forma Consolidated Condensed Financial Information."

**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."

**COMPLIANCE WITH 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 72.2% of the outstanding shares of Common Stock (approximately 70.6% 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.

**SUBSTANTIAL NUMBER OF 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 54,947,430 shares of Common Stock, excluding shares of Common Stock issuable upon exercise of options outstanding under the TeleTech Holdings, Inc. Stock Plan (the "Option Plan") and the TeleTech Holdings, Inc. Directors Stock Option (the "Directors Option Plan"). 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."

**IMMEDIATE AND SUBSTANTIAL DILUTION.** Purchasers of Common Stock in the Offering will incur immediate dilution of \$14.17 per share in the net tangible book value per share of Common Stock (based upon an assumed initial offering price of \$15.50 per share). To the extent outstanding options to purchase the Company's Common Stock are exercised, there will be further dilution. See "Dilution."

**ANTI-TAKEOVER PROVISIONS.** Upon completion of the Offering, the Board of Directors will have 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."



#### THE COMPANY

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.

#### 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 \$56,297,500, assuming an initial public offering price of \$15.50 per share and 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 a portion of the net proceeds of the Offering to repay indebtedness outstanding under its \$15 million unsecured revolving line of credit, which bears interest at various rates that are selected by TeleTech at the time a draw is made. On July 15, 1996, a total of \$10.0 million was outstanding under this line of credit, bearing interest at rates ranging from 6.63% to 6.75%. Such borrowings have been used by TeleTech for general corporate purposes. See note 6 to the Financial Statements.

One of the principal reasons for the Offering is to generate sufficient capital to enable the Company to respond rapidly to changing market demands and to provide it with the flexibility necessary to maintain its competitive position. To enable it to respond to market demand and provide new or expanded services on short notice, TeleTech may require additional Call Center capacity. During 1996, TeleTech expects to use approximately \$7.8 million of the net proceeds of the Offering to purchase computer hardware and software and fund leasehold improvements needed to equip and open one additional Call Center and expand an existing Call Center. 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. In addition, TeleTech intends to use a portion of the net proceeds for working capital and general corporate purposes. Pending any of 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 public offering price of \$15.50 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 borrowings and current portion of long-term debt.....	\$ 5,819	\$ 5,819	\$ 2,319(1)
Long-term debt, net of current portion (2).....	\$ 6,536	\$ 6,536	\$ 6,536
Mandatorily redeemable convertible preferred stock, par value \$6.45 per share (3).....	13,079	--	--
Stockholders' equity:			
Common stock, par value \$.01 per share (4).....	417	510	550
Additional paid-in capital.....	7,067	20,053	76,310
Cumulative translation adjustment.....	141	141	141
Unearned compensation--restricted stock.....	(380)	(380)	(380)
Treasury stock (5).....	--	--	(988)
Retained earnings.....	2,584	2,584	2,584
Total stockholders' equity.....	9,829	22,908	78,217
Total capitalization.....	\$ 29,444	\$ 29,444	\$ 84,753

(1) Reflects repayment of the March 31, 1996 balances outstanding under the line of credit.

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

(3) 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.

(4) Does not include 7,750,000 shares reserved for issuance upon exercise of outstanding options under the Option Plan and the Directors Option Plan. At July 15, 1996, options to acquire 4,800,580 shares were outstanding under the Option Plan and options to acquire 237,500 shares were outstanding under the Directors Option Plan, which options have a weighted average exercise price of \$ per share and \$5.00 per share, respectively. See "Management--Compensation of Directors," "Management--Executive Compensation," "Management--TeleTech Stock Option Plan."

(5) Reflects the Company's acquisition of 98,810 shares of Common Stock from one of the Selling Shareholders immediately prior to the closing of the Offering, which shares will be held as treasury stock. See "Certain Relationships and Related Party Transactions."

DILUTION

The pro forma 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 \$71,945,226, or \$1.31 per share of Common Stock. This represents an immediate increase in net tangible book value per share of \$1.00 to existing stockholders and an immediate dilution in net tangible book value per share of \$14.19 to purchasers of Common Stock in the Offering, as illustrated in the following table:

Assumed initial public offering price per share.....		\$ 15.50
Net tangible book value per share at March 31, 1996.....	\$ 0.33	
Increase in net tangible book value per share attributable to new investors.....	0.98	
	-----	
Pro forma net tangible book value per share after the Offering.....		\$ 1.31
		-----
Dilution per share to new investors.....		\$ 14.19
		-----
		-----

TeleTech has reserved an aggregate of 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 under the Option Plan and the Directors Option Plan. As of July 15, 1996, there were outstanding options to purchase an aggregate of 4,800,580 shares of Common Stock under the Option Plan, at a weighted average price of \$ per share, and outstanding options to purchase an aggregate of 237,500 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 788,333 shares of Common Stock were exercisable as of July 15, 1996. See "Management--Stock Option Plan" and "Management--Compensation of Directors."

The following table sets forth as of July 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 2,220,000 shares of the Common Stock being offered hereby, at an assumed initial public offering price of \$15.50 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.....	48,826,240	89%	\$ 19,667,000	17%	\$ 0.40
New investors.....	6,220,000	11%	96,410,000	83%	\$ 15.50
	-----	-----	-----	-----	-----
Total.....	55,046,240(1)	100%	\$ 116,077,000	100%	
	-----	-----	-----	-----	-----

(1) Includes 98,810 shares of Common Stock that will be held by the Company as treasury stock following the closing of the Offering. See "Certain Relationships and Related Party Transactions."

The foregoing table assumes no exercise of the Underwriters' over-allotment option and no exercise of options outstanding. 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	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	10,727	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 (benefit of) 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).....	43,843	43,843	43,843	43,843	54,402	54,402	54,331	54,426
OPERATING DATA:								
Number of Call Centers.....	1	1	2	2	3		3	9
Number of workstations.....	300	300	560	560	960		960	3,107

(FOOTNOTES ON NEXT PAGE)

	JANUARY 31,		DECEMBER 31,			MARCH 31, 1996		
	1993	1993	1994	1995	ACTUAL	PRO FORMA (5)		
	1992					PRO FORMA DECEMBER 31, 1995 (1)		
	(UNAUDITED)					(UNAUDITED)		
BALANCE SHEET DATA:								
Working capital (deficit).....	\$ 221	\$ (250)	\$ (228)	\$ (780)	\$ 11,305	\$ 8,340	\$ 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).....	\$ 60,689
Total assets.....	101,264
Long-term debt, net of current portion.....	6,536
Total stockholders' equity.....	78,217

- (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 public offering price of \$15.50 per share (net of approximately \$5.7 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	ADJUSTMENTS	PRO FORMA
		(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
INCOME STATEMENT DATA:				
Revenues.....	\$ 50,467	\$ 10,239	\$ --	\$ 60,706
Operating expenses.....	45,871	10,036(1)	240 (2)(3)	56,147
Income (loss) from operations.....	4,596	203	(240)	4,559
Other income.....	2,489	295	--	2,784
Provision for income taxes.....	2,929	424	--	3,353
Net income (loss).....	\$ 4,156	\$ 74	(240)	\$ 3,990
Pro forma net income per share.....	\$ .08			\$ .07
Shares used in computing pro forma net income per share (4).....	54,402			54,402

(1) Includes 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 \$422,000 of amortization of goodwill arising from the Company's acquisition of Access 24. The Company acquired 100% of the capital stock of Access 24 on January 1, 1996 for total consideration of \$7.1 million, consisting of \$2.3 million in cash and 970,240 shares of Common Stock. In addition, the Company incurred approximately \$255,000 of legal and other costs related to the acquisition. The Company allocated the purchase price based upon the fair market value of the assets acquired and the liabilities assumed. The following is a summary of the purchase price allocation:

Assets acquired:

Cash and cash investments.....	\$ 603,000
Accounts receivable.....	1,467,000
Property, plant and equipment.....	3,119,000
Goodwill.....	6,380,000
Other assets.....	636,000
	\$12,205,000

Liabilities assumed:

Accounts payable and accrued liabilities.....	(1,750,000)
Debt and capital lease obligations.....	(2,472,000)
Other liabilities.....	(612,000)
	(4,834,000)
	\$7,371,000

The Company is amortizing goodwill arising from the acquisition using the straight line method over an estimated life of 15 years.

(3) Includes a \$182,000 credit to eliminate Access 24's historical amortization of goodwill.

(4) 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 (fully outsourced) 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. Approximately 60% of such multi-year contract revenues were attributable to contracts that contain a provision requiring the client to pay the Company a contractually agreed amount in the event of early termination of the contract. 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 (weekday) 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. To enable the Company to respond rapidly to changing market demands, implement new programs and expand existing programs, TeleTech may require additional Call Center capacity. TeleTech currently plans to open one additional Call Center and expand an existing Call Center by the end of 1996. If, prior to the opening or expansion of a Call Center, the Company has not contracted with clients for the provision of services that will fully utilize peak period capacity, TeleTech may experience, at least in the short-term, excess Call Center capacity. The Company's results of operations have not been materially adversely affected by peak period capacity underutilization, other than for a brief period during 1995 following the Company's opening of its Burbank Call Center. See "--1995 Compared to 1994" and "Risk Factors--Difficulties of Managing Rapid Growth."

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 fully outsourced 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 fully outsourced programs. As a result, the Company expects that its overall gross margin will fluctuate as revenues attributable to fully outsourced 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 fully outsourced programs versus facilities management programs changes. Because the Company did not begin significant operations under its first, and to date only, facilities management agreement until April 1996, the Company did not generate material revenues from facilities management programs during any periods covered by the Financial Statements.

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. The significant growth in revenues and operating margin is the result of increased revenues from new and existing contracts and utilization of additional capacity resulting from the February 1995 opening of the Burbank Call Center. 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 in 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 through the standardization of Access 24's technology, workstation configuration, business processes and operational and financial reporting with TeleTech's systems. 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 large private health insurer in the United Kingdom. The Company realized 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," "Risk Factors--Difficulties of Completing and Integrating Acquisitions and Joint Ventures" 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:

	YEAR 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 \$9.4 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 the loss of \$1.1 million 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. The lost revenues from the expiration of the Continental Airlines program were more than offset in the first quarter of 1996 by revenues from new clients. The Company received prior notice that Continental Airlines would not renew its contract upon expiration and redeployed to new programs all of the workstations that previously had been dedicated to the Continental Airlines program. Consequently, there was no material capacity underutilization due to the loss of the Continental Airlines program; however, there can be no assurance that the Company's loss of another large client would not result in substantial underutilized capacity. 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 343.5%, to \$2.7 million in the first quarter of 1996 from \$614,000 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) 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 22.7%, 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.

RECENT DEVELOPMENTS -- SECOND QUARTER RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1996 COMPARED TO SIX MONTHS ENDED JUNE 30, 1995

**REVENUES.** Revenues increased \$34.3 million, or 153.8%, to \$56.6 million for the six months ended June 30, 1996 from \$22.3 million for the six months ended June 30, 1995. The increase resulted from \$5.8 million in revenues of Access 24, which was acquired in the first quarter of 1996, \$22.1 million in revenues from new clients and \$14.0 million in increased revenues from existing clients. These increases were offset by contract expirations and other client reductions, including the loss of \$3.5 million in revenues due to the expiration of the Continental Airlines contract in the first quarter of 1996. Revenues in the six months ended June 30, 1996 also reflect the additional capacity provided by the opening of the Thornton Call Center in April 1996.

**COSTS OF SERVICES.** Costs of services increased \$19.8 million, or 166.4%, to \$31.7 million for the six months ended June 30, 1996 from \$11.9 million for the six months ended June 30, 1995. Costs of services as a percentage of revenues increased from 53.4% for the six months ended June 30, 1995 to 56.0% for the six

months ended June 30, 1996. This increase in the costs of services as a percentage of revenues is a result of an increase in revenues received in the second quarter of 1996 from the Company's facility management program, which has higher costs of services, and lower SG&A expenses, as a percentage of revenues than fully outsourced programs. There were no facility management program revenues in the six months ended June 30, 1995.

**SELLING, GENERAL AND ADMINISTRATIVE.** SG&A expenses increased \$10.0 million, or 116.3%, to \$18.6 million for the six months ended June 30, 1996 from \$8.6 million for the six months ended June 30, 1995. This increase is primarily the result of increased revenues during the period and the April opening of the Thornton Call Center. SG&A expenses as a percentage of revenues decreased from 38.5% for the six months ended June 30, 1995 to 32.8% for the six months ended June 30, 1996 as a result of the spreading of fixed costs over a larger revenue base, as well as the impact of the Company's facilities management program.

**INCOME FROM OPERATIONS.** Operating income increased \$4.5 million, or 250.0%, to \$6.3 million for the six months ended June 30, 1996 from \$1.8 million for the six months ended June 30, 1995. Operating income as a percentage of revenues increased from 8.1% for the six months ended June 30, 1995 to 11.1% for the six months ended June 30, 1996. The decrease in operating income as a percentage of revenues for the first six months of 1996 from 12.4% for the first three months of 1996 resulted primarily from costs relating to the start-up and rapid expansion of certain large client programs, which costs were incurred principally in the second quarter of 1996.

**OTHER INCOME (EXPENSE).** Other expense increased \$2.9 million to \$544,000 for the six months ended June 30, 1996 compared to other income of \$2.4 million for the six months ended June 30, 1995, which increase in other expense is primarily due to the impact of the One-Time Payment during the first quarter of 1995.

**NET INCOME.** As a result of the foregoing factors, net income increased \$898,000 or 37.4%, to \$3.3 million for the six months ended June 30, 1996 from \$2.4 million for the six months ended June 30, 1995. Excluding the One-Time Payment, net income for the six months ended June 30, 1995 would have been \$908,000. Accordingly net income would have increased \$2.4 million, or 264.3%, in the first six months of 1996 compared to the first six months of 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 London 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 \$6.4 million and revenues from new clients of approximately \$17.8 million. These increases were partially offset by the expiration without renewal of certain other client contracts. See "Other Income (Expenses)" 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 in costs of services is primarily the result of the \$15 million increase in revenues for the period and the related increase in direct costs. Costs of services as a percentage of revenues increased to 54.0% in 1995 from 49.1% in 1994. The majority of this percentage increase resulted from the start-up of the Burbank Call Center in February 1995, which was not fully utilized immediately after opening. Consequently, operating costs represented a comparatively higher percentage of revenues. In addition, during 1995 a higher proportion of total expenses were classified as costs of services as the Company was able to

allocate to specific client programs costs that previously had been allocated among multiple client programs as SG&A expenses. The Company's enhanced ability to identify costs related to specific programs resulted from improvements in the Company's systems as well as from the consolidation of accounting and financial functions at the Company's headquarters in Denver.

**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 155.0%, 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 54.9% 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 162.4%, 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 246.8%, 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 (benefit of) 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.....	43,843	43,843	43,843	43,843	54,331	54,402	54,402	54,402

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 (benefit of) 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.....	54,426

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 (benefit of) 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 in the third quarter of 1994 by revenues

from programs for new clients of \$2.6 million and fully offset in the fourth quarter of 1994 by revenues relating to increased services for new and existing clients, aggregating \$3.4 million. The revenue increases throughout 1995 reflect \$6.3 million from increased services provided for existing clients and \$17.8 million from the addition of certain new clients.

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. Costs of services as a percentage of revenues increased from 46.6% in the fourth quarter of 1994 to 52.5% in the first quarter of 1995. This \$590,000 increase primarily resulted from the increase in the costs allocated to the specific client programs for which the costs were incurred. See the discussion under "1995 Compared to 1994." 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 July 15, 1996, outstanding borrowings under this facility were \$10.0 million, which accrue interest at rates varying from 6.63% to 6.75%. Borrowings under this line have been used primarily for general corporate purposes. 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 June 30, 1996, amounts outstanding under this agreement were approximately \$6.0 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 June 30, 1996, the total amount outstanding under this agreement was approximately \$576,000.

Cash provided by operating activities was \$3.1 million for the first quarter of 1996, \$3.3 million in 1995 and \$3.2 million in 1994. From the beginning of 1994 through the first quarter of 1996, the Company generated an aggregate of \$9.5 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 \$(2.5) 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, the Company used \$2.3 million for the Access 24

acquisition and 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. Although the Company expects that approximately \$7.8 million of such capital expenditures will be used to purchase computer hardware and software and to fund leasehold improvements required in connection with the opening of one additional Call Center and the expansion of an existing Call Center during 1996, as of July 15, 1996 the Company had not yet made any commitments to incur any significant capital expenditures. Such expenditures may be financed with internally generated funds, a portion of the net proceeds of the Offering or through additional borrowings. See "Use of Proceeds."

Cash provided by financing activities for the first quarter of 1996 was \$0.5 million, representing borrowings on the Company's line of credit, net of capital lease payments. In 1995, cash provided by financing activities of \$8.8 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 \$1.2 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. The Company has no current plans, agreements or commitments, and is not currently engaged in any negotiations, with respect to any such acquisition; however 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. TeleTech's customer care solutions encompass a wide range of telephone- and computer-based customer acquisition, retention and satisfaction programs designed to maximize the long-term value of the relationships between TeleTech's clients and their customers. Such programs involve all stages of the customer relationship and consist of a variety of customer service and product support activities, such as providing new product information, enrolling customers in client programs, providing 24-hour technical and help desk support, resolving customer complaints and conducting satisfaction surveys. TeleTech works closely with its clients to rapidly design and implement large scale, tailored customer care programs that provide comprehensive solutions to their 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 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 from TeleTech call centers ("Call Centers") utilizing state-of-the-art workstations, which operate on TeleTech's advanced technology platform, enabling the Representatives to provide rapid, single-call resolution. This technology 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 historically has provided services from Call Centers leased and equipped by TeleTech ("fully outsourced") and, since April 1996, also has provided services from Call Centers leased and equipped by a client ("facilities management").

TeleTech typically establishes long-term, strategic relationships, 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. For example, the Company recently entered into significant, multi-year contracts with CompuServe and United Parcel Service and obtained additional business from AT&T.

The Company was founded in 1982 and has been providing inbound customer care solutions since its inception. Between December 31, 1995 and March 31, 1996, the Company opened, acquired or initiated management of six Call Centers. As of July 15, 1996, TeleTech owned, leased or managed eight Call Centers in the United States and one in each of the United Kingdom, Australia and New Zealand equipped with a total of 4,829 state-of-the-art workstations. TeleTech currently plans to expand an existing Call Center and open one additional 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 customer inquiries.

## 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, as a result of the growth of consumer sales through direct marketing channels (such as cable television shopping networks, catalogs and the Internet), manufacturers are increasingly required to assume the customer service burden traditionally handled by full service retailers. As a result of these and other factors, the Company believes that consumers consider the relative effectiveness, ease of use and responsiveness of customer service and product support when evaluating comparable products or services, and that superior customer care can provide a competitive advantage. Also, many companies have realized that retaining customers generally is more profitable than acquiring new customers and that high quality customer service is an important factor in customer satisfaction and retention.

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. Management believes that large corporations are increasingly outsourcing their telephone-based marketing and customer service activities as part of an overall effort to focus internal resources on their core competencies, improve operating efficiencies and reduce costs.

The teleservices industry is highly fragmented with the majority of participants providing a limited range of services. Based on conversations with current and prospective clients, 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, management expertise, facilities and technological and training resources to effectively and efficiently serve their customers' long-term needs.

#### THE TELETECH SOLUTION

TeleTech develops and implements strategic customer care solutions designed to improve the long-term value of its clients' customer relationships 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) gather 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 client's need to manage large numbers of call center employees and (vi) enable clients to focus on their core competencies. These programs enable TeleTech to manage inbound customer interactions in a manner that is seamless with the client's operations and gives customers the impression that they are dealing directly with the client. TeleTech effectively delivers these programs by rapidly deploying the technology and human resources required to implement and manage comprehensive customer care solutions.

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 and form strategic partnerships with its clients. 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 and flexible technology, which can be easily expanded to meet demand, 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 connected with its clients' information systems, enabling data gathered 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 relationship 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 tailored customer care programs. TeleTech designs solutions to be cost effective and to improve the quality of customer interactions and foster long-term customer loyalty. As part of its comprehensive solutions, TeleTech collects and provides to its clients customer information that enables 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 its marketing efforts on industries containing companies with complex product and service offerings and with large customer bases that require frequent, often sophisticated, customer interactions. To establish long-term strategic relationships with its clients, TeleTech typically enters into multi-year contracts that generate recurring revenues for TeleTech and utilize its technology, human resource and training investments. The Company has established strategic business units ("SBUS"), with dedicated business development personnel, that target clients in the telecommunications, technology, transportation, health care and financial services industries.

## APPLY FLEXIBLE, INNOVATIVE TECHNOLOGICAL SOLUTIONS

TeleTech's technological expertise and expandable open-systems, client/server architecture enable it to rapidly design tailored customer care programs, effectively interface with its clients' information systems and adapt quickly to new technologies. The Company seeks to differentiate itself from in-house and independent 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 uses its experience in the development of customized software applications by combining industry-leading operating software with its extensive library of proprietary applications to rapidly and cost-effectively design 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 standard for quality assurance, to ensure successful, consistent delivery of client programs. The Company designs and builds its Call Centers based on a standardized model to provide efficient operations while increasing employee productivity. By linking its Call Centers together into a seamless wide area network (WAN), the Company can rapidly transfer 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 developing and maintaining long-term client relationships. TeleTech uses proprietary software to automate much of its hiring, training, quality assurance and staffing management functions. 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 interacting with customers, plus a minimum of six to eight hours per month of ongoing training. Representatives often receive supplemental 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. Through its SBUs, 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 growth of direct marketing channels, will create new opportunities for TeleTech. TeleTech expects that the introduction of new interactive media will result in more sophisticated types of customer interactions and additional opportunities to provide a wide range of services to customers. TeleTech intends to capitalize on these trends by developing new products and services, such as database marketing and real-time technical and product 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. Based on the Company's conversations with current and prospective clients, 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 improved 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 link the customer, the client and TeleTech. These processes generally include the development of event-driven software programs for telephone interactions, where the script being followed by a Representative changes depending upon information contained in the customer file or on information gathered during the Representative's interaction with the customer.

After the Company designs and develops a customer care program, Representatives provide a wide range of on-going voice and data communications services incorporating one or more 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 an appropriate Representative who 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 gather 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 generating 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 the long-term value of a client's relationships with its customers. These programs are generally driven by the customer's purchase 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 by 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 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 programs
- 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, which accounted for approximately 27%, 24%, 24%, 12% and 6%, respectively, of the Company's revenues in 1995 on a pro forma basis reflecting the Company's acquisition of Access 24 as if it had occurred on January 1, 1995 and approximately 23%, 32%, 21%, 11% and 7%, respectively, of the Company's revenues in the first quarter of 1996. To provide effective customer care solutions, TeleTech has developed a separate SBU to serve each of these industries. Each SBU is comprised of dedicated business development personnel and client service specialists, most of whom have prior industry experience. The SBUs are responsible for developing and implementing customized, industry-specific customer service and product support for clients in their respective target industries. TeleTech's health care and financial services SBUs were introduced only recently and are still in the development stage.

The Company's three largest clients in 1995 were AT&T, Continental Airlines and Apple Computer, Inc., which accounted for approximately 31% (including 11% for its subsidiary McCaw Communications d/b/a Cellular One), 18% and 9%, respectively, of the Company's 1995 revenues. The Company's three largest clients in the first quarter of 1996, AT&T, CompuServe and Continental Airlines, accounted for approximately 22%, 13% and 6%, respectively, of the Company's revenues. 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 revenues than its three largest clients in 1995. See "Risk Factors--Reliance on a Few Major Clients."

**TELECOMMUNICATIONS.** The Telecommunications SBU primarily services long-distance, local and wireless telephone service providers, including AT&T and certain regional Bell operating companies. 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. TeleTech believes that the Telecommunications Act of 1996, which has removed barriers to competition in and between the local and long-distance telephone markets, and the development of new wireless products, including those utilizing personal communication services (PCS) technology, is expanding the breadth of products and services that require customer service and support and will create additional demand for TeleTech's services within the telecommunications market.

**TECHNOLOGY.** The growth of high technology products and service, including Internet-related products and services, has increased demand for consumer and technical product support services. Clients include AT&T, CompuServe, Apple Computer, Inc. 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 utilize its technological capabilities to serve customers over 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 provides 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. 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 ("RACV"). Solutions include providing 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 insurance claims. TeleTech believes that many of these customer care solutions are readily transferable to the U.S. market. TeleTech also 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. 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 five-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. In June 1996, TeleTech opened a third Call Center in Tampa, Florida.

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. TeleTech utilizes automated systems to electronically screen and assess the qualifications of job applicants and is working in concert with United Parcel Service to develop innovative technology to further optimize the call handling process.

TeleTech's contract with United Parcel Service has an initial term of five years and may be extended by mutual written agreement for successive four-year periods. So long as the agreement remains in effect, TeleTech has agreed not to perform services for competitors of United Parcel Service that are similar to the services TeleTech performs for United Parcel Service, if such competitors may gain access to or benefit from proprietary information of United Parcel Service as a result of TeleTech's performance of such services.

## 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 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 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 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. TeleTech utilizes a standard Form of Client Services Agreement ("CSA") in contractual negotiations with its clients. The CSA contains provisions that (i) allow TeleTech or the client to terminate the contract upon the occurrence of certain events, (ii) designate the manner by which TeleTech is to receive payment for its services, (iii) limit TeleTech's maximum liability to the client thereunder, and (iv) protect the confidentiality and ownership of information and materials owned by TeleTech or the client that are used in connection with the performance of the contract. Many of TeleTech's contracts also require the client to pay TeleTech a contractually agreed amount in the event of early termination. TeleTech's contracts generally have terms of at least two years and, in some cases, contain 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 July 15, 1996, TeleTech leased eight Call Centers and also managed three Call Centers on behalf of United Parcel Service. In the second half of 1996, TeleTech plans to open a new Call Center and expand an existing facility. See "-- Facilities."

TeleTech uses its standardized development procedures to minimize the time it takes to open a new Call Center. 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 16 months, TeleTech established three Company-owned Call Centers and three United Parcel Service-owned Call Centers, including a total of approximately 3,300 workstations.

The Company's existing U.S. Call Centers range in size from 35,000 to 56,000 square feet and contain between 354 and 580 workstations, excluding a recently opened Call Center that, although operational, is still under construction. Although the dimensions of its existing Call Centers currently are not uniform, the Company has developed a prototype for TeleTech-owned U.S. Call Centers. The Company expects that new

U.S. Call Centers will contain approximately 50,000 square feet of space and 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. See "--Facilities."

**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 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 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, "agent performance system" that tracks Representative activity at each workstation and a proprietary billing system that tracks time spent 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 as they occur. Quality assurance professionals monitor customer interactions and simultaneously evaluate 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 easy to understand 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 uses 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 software codes that are used 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 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 generally offers a competitive pay scale, hires primarily full-time employees who are eligible to receive the full range of employee benefits and provides 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 July 15, 1996, TeleTech had 5,329 employees. Of its total employees, 4,159 were full-time Representatives, constituting 91.4% of its total Representatives. Although the Company's industry is very labor intensive and has experienced significant personnel turnover, the Company believes that its quality of life initiatives and its high percentage of full-time Representatives has resulted in relative stability in its work force. A significant increase in the Company's employee turnover rate, however, could increase the Company's recruiting and training costs and decrease operating effectiveness. None of TeleTech's employees are subject to a collective bargaining agreement and TeleTech believes its relations with its employees are good. See "Risk Factors--Dependence on Labor Force."

#### 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 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 through the standardization of Access 24's technology, workstation configuration, business processes and operational and financial reporting with the Company's systems. The Company intends to introduce in the United States services similar to those offered by Access 24. TeleTech operates one Call Center in each of Sydney, Australia and Auckland, New Zealand, containing an aggregate of 321 workstations, and intends to develop a traditional customer care outsourcing business in Australia and New Zealand, as well as the United Kingdom. See "Risk Factors--Difficulties of Completing and Integrating Acquisitions and Joint Ventures."

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. 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. See "Business--Services" and "Risk Factors--Difficulties of Completing and Integrating Acquisitions and Joint Ventures."

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 that provide teleservices and customer services on an outsourced basis, 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, with an adjacent 55,000 square foot, 581 workstation Call Center. As of July 15, 1996, TeleTech leased (unless otherwise noted) and operated the following Call Centers, containing an aggregate of approximately 238,000 square feet:

LOCATION	YEAR OPENED OR ACQUIRED	NUMBER OF PRODUCTION WORKSTATIONS	NUMBER OF TRAINING WORKSTATIONS(1)	TOTAL NUMBER OF WORKSTATIONS
<b>U.S. CALL CENTERS</b>				
Sherman Oaks, California.....	1985	588	76	664
Denver, Colorado.....	1993	435	146	581
Burbank, California.....	1995	386	66	452
Thornton, Colorado.....	1996	438	58	496
Van Nuys, California (2).....	1996	78	--	78
<b>INTERNATIONAL CALL CENTERS (3)</b>				
Sydney, Australia.....	1996	94	10	104
London, United Kingdom (4).....	1996	178	12	190
Auckland, New Zealand.....	1996	24	3	27
<b>MANAGED ON BEHALF OF UNITED PARCEL SERVICE</b>				
Greenville, South Carolina.....	1996	660	90	750
Tucson, Arizona.....	1996	648	95	743
Tampa, Florida.....	1996	672	72	744
		----	---	-----
Total number of workstations.....		4,201	628	4,829
		----	---	-----
		----	---	-----

(1) The training workstations are fully operative as production workstations when necessary.

(2) The Van Nuys, California Call Center was opened in July 1996 and currently contains 13,000 square feet. Although only 78 workstations currently are operational, the Company expects to have 325 operational workstations and 39,300 square feet by the end of 1996.

(3) Acquired January 1, 1996 through TeleTech's acquisition of Access 24. See "--International Operations."

(4) Managed through the Company's joint venture with PPP. See "--International Operations."

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 expand its Thornton Call Center by 267 positions by the end of the third quarter of 1996 and open another Call Center and complete the build out of the Van Nuys Call Center by the end of 1996. Pursuant to its agreement with United Parcel Service, if United Parcel Service opens another call center, TeleTech has the option to staff and manage such Call Center. TeleTech will manage this additional Call Center pursuant to the same terms and conditions as the three Call Centers currently managed by TeleTech for United Parcel Service, unless the nature of the services to be provided at such Call Center are significantly different.

The Company believes that its existing Call Centers are suitable and adequate for its current operations and that each Call Center currently is substantially or fully utilized during peak (weekday) periods. The Company believes that additional Call Center capacity, including the expansion of an existing Call Center expected to occur by the end of the third quarter of 1996, will be required to support continued growth. Due to the inbound nature of the Company's business, the Company experiences significantly higher capacity utilization during peak periods than during off-peak (night and weekend) periods. The Company has been and will be required to open or expand Call Centers to create the additional peak period capacity necessary to accommodate new or expanded customer care programs. The opening or expansion of a Call Center may result, at least in the short-term, in excess capacity during peak periods until the new or expanded program is fully implemented. The Company may consider acquiring a complementary service provider, such as a company that provides primarily outbound teleservices, to improve Call Center utilization during off-peak periods. See "Risk Factors--Difficulties of Managing Rapid Growth."

#### SEASONALITY

The Company's business historically has not been subject to seasonal fluctuations or risks related to weather; however the businesses of certain of the Company's clients, especially those in the transportation and financial services industries, may be subject to such fluctuations and risks. Although the seasonal nature and weather-dependency of its clients' businesses has not had a material effect on the Company's revenues or operating profits to date, the Company expects that its contract with United Parcel Service will result in quarterly variations in revenues, especially in the fourth and, to a lesser extent, the first quarter of each year, due to increased demand for United Parcel Service's services during the holiday period.

#### INTELLECTUAL PROPERTY

The Company's customer care programs frequently incorporate proprietary and confidential information. The Company has adopted non-disclosure safeguards to protect such information, such as requiring those of its employees, clients and potential clients who may have access to proprietary and confidential information to execute confidentiality agreements with the Company. Although there can be no assurance that the safeguards taken by the Company will be adequate to deter misappropriation of its proprietary information, the Company believes that the rapid pace of technological change and the knowledge, ability and experience of its employees are more significant to the protection of its proprietary information than legal or business protections. See "Business--Operations" and "Business--Technology."

#### 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, and Capsure. Mr. Zell also is a director of 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 one or more additional persons to the Board in accordance with TeleTech's By-laws.

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 up to five individuals designated by Mr. Tuchman and up to two individuals nominated by Essaness and TeleTech Investors General Partnership, a partnership comprised of employees and various entities affiliated with Mr. Zell, and other accredited investors who have historically invested together ("TIGP"). Of the current directors of TeleTech, Messrs. Weingarten and Zell were elected as nominees of TIGP and Essaness, and Messrs. Tuchman and Silverman were elected as nominees of Mr. Tuchman. 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 and the stockholders 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, after the effective date of the plan, 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 July 15, 1996, options to acquire an aggregate of 237,500 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 12,500 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 and as members of committees thereof during 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 established the TeleTech Holdings, Inc. Incentive Compensation Plan (the "Incentive Plan") on May 14, 1996. 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 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 that will be owned by the Existing Stockholders after the Offering. 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			
	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	ALL OTHER COMPENSATION (\$) (1)
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, Mr. Livingston and their 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	32%	\$ 1.29	1/1/2005	\$ 608,456	\$ 1,541,946
Steven B. Coburn.....	250,000	11%	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. Using the assumed initial public offering price of \$15.50 for purposes of this calculation (pursuant to the rules of the Commission), the potential realizable values of the options granted in 1995 to each of Messrs. Livingston and Coburn are approximately \$17.9 million and \$5.8 million, respectively, at a 5% assumed annual appreciation rate, and approximately \$29.2 million and \$9.6 million, respectively, at a 10% assumed annual appreciation rate.

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(2)	\$ 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.

(2) Mr. Livingston received an option in May 1996 to acquire an additional 75,000 shares, at an exercise price of \$8.00 per share, in connection with the amendment to his employment agreement. See "-- Employment Agreements."

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 July 15, 1996, Options to acquire an aggregate of 4,800,580 shares of Common Stock and 76,000 shares of restricted stock were outstanding.

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.

#### EMPLOYEE STOCK PURCHASE PLAN

Prior to completion of the Offering, the Company intends to adopt the TeleTech Holdings, Inc. Employee Stock Purchase Plan (the "ESPP") covering an aggregate of 200,000 shares of Common Stock. The ESPP is intended to qualify as an "Employee Stock Purchase Plan" within the meaning of Section 423 of the Code and will be administered by the Compensation Committee of the Board of Directors. Under the ESPP, shares of Common Stock will be sold in periodic offerings to employees of the Company or its subsidiaries who meet the specified eligibility requirements and who elect to participate in the ESPP. Each offering will be open for six consecutive months, or such other length of time as may be established from time to time by the Compensation Committee. The ESPP will commence on September 30, 1996 and will terminate ten years thereafter or on such earlier date as all of the shares reserved under the plan have been issued.

Under the ESPP, participating employees can elect to have up to 10% of their compensation withheld, up to a maximum of \$15,000 in any calendar year. On the last business day of each offering period, the Company will sell to each participating employee as many full shares of Common Stock as can be purchased with each such employee's aggregate payroll deductions made during such offering period. The price of Common Stock purchased under the ESPP will be equal to the lower of (i) 90% of the fair market value of the Common Stock on the first business day of any offering period or (ii) 90% of the fair market value of the Common Stock on the last business day of such offering period, unless otherwise established by the Compensation Committee, in its discretion, in accordance with the terms of the ESPP.

In the event of a merger, reorganization or consolidation in which the Company is not the surviving entity or a liquidation of substantially all of the assets of the Company, the ESPP provides that the Compensation Committee may require that the surviving entity provide participating employees with rights

equivalent to their rights under the ESPP. Alternatively, the Compensation Committee may elect to accelerate the termination of the offering period immediately prior to the consummation of such merger, reorganization or other transaction and issue shares of Common Stock to participating employees at such time.

#### 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 prerequisites 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 years from the date of grant. 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 an employment agreement dated as of April 1, 1996 with Steven B. Coburn. Pursuant to the agreement, Mr. Coburn serves as Chief Financial Officer of the Company for a three-year term commencing on October 2, 1995 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, judgements, 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 transactions described under "Management--Compensation Committee Interlocks and Insider Participation," the following transactions have been effected, or are being contemplated, involving the Company and its directors, executive officers or stockholders.

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 the six months ended June 30, 1996, TeleTech charged Midway an aggregate of \$1,291,862 and \$1,249,000, respectively, for services rendered by TeleTech. As of December 31, 1995 and June 30, 1996, the total amounts due from Midway for services rendered by TeleTech were \$535,845 and \$644,267, respectively, of which \$354,526 and \$511,976, 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 promissory 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. On July 1, 1996, a balance of \$375,000 was outstanding under this promissory note.

TeleTech has agreed to pay, prior to the closing of the Offering, a fee of \$1.0 million to Equity Group Investments, Inc. ("EGI"), an affiliate of Sam Zell, a director of the Company, for certain financial advisory services rendered by EGI in connection with the Offering and certain merger and acquisition advisory

services, including transaction structuring and negotiation, rendered by EGI in connection with the acquisition of Access 24 and the joint venture with PPP. The fee, which was negotiated between the Board of Directors of the Company (with Messrs. Zell and Weingarten abstaining from its vote thereon) and EGI, is believed to be substantially equivalent to fees of other advisors performing comparable services, such as investment banks. Of the \$1.0 million payable to EGI, approximately \$500,000 relate to services rendered in connection with the Offering and are included as expenses thereof.

Mr. Zell is an affiliate of SZRL Investments, a general partnership that owns a 7.5% limited partner profits interest in Genesis Merchant Group Securities ("Genesis"), a member of the National Association of Securities Dealers, Inc. Genesis is participating in the Offering as a member of the underwriting syndicate. See "Underwriters."

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 and the three months ended March 31, 1996, The Riverside Agency, Inc. invoiced TeleTech an aggregate of \$23,965 and \$47,930, respectively, for services rendered.

On January 1, 1996, the Company acquired all of the outstanding capital stock of Access 24. As consideration for such stock, the Company issued an aggregate of 712,520 shares of Common Stock to, and such shares are now owned by, an affiliate of Dr. John E. Kendall and an affiliate of Louis T. Carroll, and paid \$2.3 million in cash and issued 257,720 shares of Common Stock to Access 24 Holdings Pty Limited ("Access Holdings" and, together with the affiliates of Dr. Kendall and Mr. Carroll, the "Common Stockholders"). Access Holdings is an affiliate of RACV, a financial services client of the Company. In connection with this transaction, the Company entered into a Stock Transfer and Registration Rights Agreement with the Common Stockholders (the "Access 24 Agreement"), pursuant to which (i) the Company was granted certain rights of first refusal to acquire shares of Common Stock sought to be sold by the Common Stockholders, and (b) the Company granted to the Common Stockholders certain rights to include in certain registration statements that may be filed by the Company following the Offering all or part of the shares of Common Stock held by the Common Stockholders.

In June 1996, Access Holdings notified the Company of its planned disposition of its remaining 248,810 shares of Common Stock and, after negotiations, the following agreements were reached and will be effected contingent upon and immediately prior to the closing of the Offering: (i) Access Holdings will sell 98,810 and 100,000 shares of Common Stock to the Company and Hinsdale Corporation Sdn Berhad ("Hinsdale"), an affiliate of Mr. Carroll, respectively, at a price of \$10.00 per share, and (ii) the remaining 50,000 shares of Common Stock owned by Access Holdings and the 100,000 shares of Common Stock acquired by Hinsdale from Access Holdings are included in, and will be sold to the public pursuant to, the Offering. See "Principal and Selling Stockholders."

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 \$12.0 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.

Certain directors of the Company are entitled, under certain circumstances, to require the Company to register under the Securities Act shares of Common Stock owned by them. See "Management--Compensation Committee Interlocks and Insider Participation."

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 July 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, EXECUTIVE 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	72.2%
Joseph D. Livingston.....	375,000(4)	*	--	375,000	*
Steven B. Coburn.....	--	*	--	--	*
Alan Silverman.....	333,330(5)(6)	*	--	333,330	*
Richard Weingarten.....	75,000(6)(7)	*	--	243,333(7)	*
Samuel Zell.....	8,575,000(8)	16.8	950,000(9)	2,514,400(8)	4.6
All directors and executive officers as a group (6 persons).....	50,058,330	97.0	1,950,000(10)	43,166,063	77.6
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	--	*
Hinsdale Corporation Sdn Berhad (13).....	170,000	*	170,000	--	*
Access 24 Holdings Pty Limited.....	50,000	*	50,000	--	*

\* 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 933,000 additional shares and, assuming all such shares are sold, he will beneficially own 38,767,000 shares or 70.6% 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 375,000 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 75,000 shares subject to options exercisable as of the date of this Prospectus. See note (6) below.

(6)Includes 75,000 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 243,333 shares of Common Stock, which includes 75,000 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 2,514,400 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, assuming no exercise of the Underwriters' over-allotment option. If the Underwriters' over-allotment option is exercised, Mr. Tuchman will sell up to 933,000 additional shares and, assuming all such shares are sold, all directors and executive officers as a group will beneficially own 42,233,063 shares, or 76.1%, of the total outstanding shares.
- (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.
- (13) Hinsdale is a Malaysian corporation owned by Louis T. Carroll. Mr. Carroll is the founder of Access 24 and previously served as its Chief Executive Officer. Since January 1996, Mr. Carroll has served as the Managing Director of Access 24. See "Certain Relationships and Related Party Transactions."

## 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 \$.01 per share, and 1,860,000 shares of Preferred Stock, par value \$6.45 per share. As of July 15, 1996, after giving effect to the five-for-one stock split by a stock dividend, the Company's issued and outstanding capital stock consisted of 41,746,240 shares of Common Stock, held by eleven 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 \$.01 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 American Stock Transfer & Trust Company.



## SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of Common Stock in the public market, or the perception that such sales could occur, could adversely affect the prevailing market price of the Common Stock and the ability of the Company to raise equity capital in the future. The Company cannot predict the effect, if any, that sales of shares of Common Stock, or the availability of such shares for future sales, will have on future market prices of the Common Stock. Such sales also may make it more difficult for the Company to sell equity securities or equity-related securities in the future at the time and price it deems appropriate.

Upon completion of the Offering, the Company will have 54,947,430 shares of Common Stock outstanding, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options. Of these shares, the 6,220,000 shares sold in the Offering will be freely tradeable, without restriction, under the Securities Act. The remaining 48,727,430 shares will be "restricted securities" within the meaning of Rule 144 promulgated under the Securities Act. Of these restricted securities, approximately 47,741,670 will be subject to a 180-day lock-up period, as described below. Following the 180-day lock-up period, all of the restricted securities will be immediately eligible for sale, subject to the volume limitations and other restrictions of Rule 144 (but not the holding period requirement), except that approximately 26,000 of the restricted securities will not become eligible for sale until expiration of applicable holding periods.

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 549,473 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.

All of the directors and officers of the Company and the Selling Stockholders have agreed not to 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, directly or indirectly, any shares of Common Stock, or any securities convertible into or exercisable or exchangeable for Common Stock, for a period of 180 days after the date of this Prospectus without the prior written consent of Morgan Stanley & Co. Incorporated. 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. See "Underwriters."

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 the Directors Option Plan and (ii) that the Company intends to offer for sale to its employees pursuant to the ESPP. 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. As of July 15, 1996, outstanding options to acquire an aggregate of 788,333 shares of Common Stock were currently exercisable.

Pursuant to the Amended and Restated Investment Agreement to take effect upon the closing of the Offering, the Existing Stockholders will be 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 that will be owned by the Existing Stockholders after the Offering. These registration rights will continue in effect following the Preferred Stock Conversion and the closing of the Offering. An aggregate of 1,000,000 shares are being registered by the Existing Stockholders in connection with the Offering. See "Compensation Committee Interlocks and Insider Participation."

Under the terms of the Amended and Restated Stock Transfer and Registration Rights Agreement to take effect upon the closing of the Offering, 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 651,430 shares of Common Stock that will be held by the Common Stockholders after the Offering. An aggregate of 220,000 shares of Common Stock are being registered by the Common Stockholders 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.....	4,976,000
International Underwriters:	
Morgan Stanley & Co. International Limited.....	
Alex. Brown & Sons Incorporated.....	
Smith Barney Inc.....	
Subtotal.....	1,244,000
Total.....	6,220,000

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 933,000 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 Underwriters have reserved up to 373,200 shares of the Common Stock offered hereby for sale at the initial public offering price to certain employees, consultants and other persons associated with the Company. The number of shares of Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

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 and directors 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.

Samuel Zell, a director of the Company, is an affiliate of SZRL Investments, a general partnership that owns a 7.5% limited partner profits interest in Genesis Merchant Group Securities ("Genesis"), a member of the National Association of Securities Dealers, Inc. Genesis is participating in the Offering as a member of the underwriting syndicate. Teletech has agreed to pay, prior to the closing of the Offering, a fee of \$1.0 million to Equity Group Investments, Inc. ("EGI"), an affiliate of Mr. Zell, for certain financial advisory services rendered by EGI in connection with the Offering and certain merger and acquisition advisory services, including transaction structuring and negotiation, rendered by EGI in connection with the acquisition of Access 24 and the joint venture with PPP. Of the \$1.0 million payable to EGI, approximately \$500,000 relate to services rendered in connection with the Offering and are included as expenses thereof. See "Certain Relationships and Related Party Transactions."

## 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. In connection with the Offering, certain attorneys of each of such law firms intend to purchase shares of Common Stock at the initial public offering price, which constitute a portion of the shares reserved by the Underwriters for sale at the initial public offering price to certain employees, consultants and other persons associated with the Company. See "Underwriters."

## 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, Fingelson & 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.

## CHANGE IN INDEPENDENT ACCOUNTANTS

In December 1994, Gumbiner, Savett, Finkel, Fingelson & Rose, Inc. resigned, and Arthur Andersen LLP was retained, as the Company's independent public accountants. The reports of Gumbiner, Savett, Finkel, Fingelson & Rose, Inc. on the combined financial statements of TeleTech Telecommunications, Inc. and TeleTech Teleservices, Inc. as of December 31, 1993 and for the 11 month period ended December 31, 1993 included herein contain no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or application of accounting principles. During the engagement of Gumbiner, Savett, Finkel, Fingelson & Rose, Inc. by the Company, there were no disagreements between the Company and such firm on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

## 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. Such materials also may be accessed electronically by means of the Commission's home page on the Internet at <http://www.sec.gov>.

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  
(ALL AMOUNTS PRESENTED IN AUSTRALIAN DOLLARS, "A\$")

	PAGE
	-----
Report of Arthur Andersen Chartered Accountants.....	F-26
Consolidated Balance Sheets as of February 28, 1995 and December 31, 1995.....	F-27
Consolidated Profit and Loss Accounts for the year ended February 28, 1995 and the ten months ended December 31, 1995.....	F-28
Consolidated Statements of Cash Flows for the year ended February 28, 1995 and the ten months ended December 31, 1995.....	F-29
Notes to the Consolidated Financial Statements for the years ended February 28, 1995 and the ten months ended December 31, 1995.....	F-30

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		
<b>CURRENT ASSETS:</b>				
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	
<b>Total current assets.....</b>	<b>4,661,202</b>	<b>21,133,647</b>	<b>24,891,165</b>	
<b>PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$3,935,136, \$6,059,424 and \$6,987,766, respectively.....</b>	<b>5,386,456</b>	<b>9,103,701</b>	<b>16,308,351</b>	
<b>OTHER ASSETS:</b>				
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	
<b>Total assets.....</b>	<b>\$ 10,101,626</b>	<b>\$ 30,583,326</b>	<b>\$ 49,454,240</b>	

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		
<b>CURRENT LIABILITIES:</b>				
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	
<b>Total current liabilities.....</b>	<b>5,441,656</b>	<b>9,828,164</b>	<b>19,511,278</b>	
DEFERRED TAX LIABILITIES (Note 8).....	--	507,365	498,790	
<b>LONG-TERM DEBT, net of current portion:</b>				
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	
<b>Total liabilities.....</b>	<b>7,904,554</b>	<b>13,925,144</b>	<b>26,546,221</b>	
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>				
<b>MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK (Notes 1 and 11):</b>				
\$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	--
<b>STOCKHOLDERS' EQUITY (Note 1):</b>				
Common stock, \$.01 par value, 150,000,000 shares authorized, zero, 40,700,000, 41,746,240 and 51,046,240 shares, respectively issued and outstanding.....	--	407,000	417,462	510,462
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.....	--	1,846,472	7,067,210	20,052,855
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
<b>Total stockholders' equity.....</b>	<b>2,197,072</b>	<b>3,790,752</b>	<b>9,829,374</b>	<b>22,908,019</b>
<b>Total liabilities and stockholders' equity.....</b>	<b>\$ 10,101,626</b>	<b>\$ 30,583,326</b>	<b>\$ 49,454,240</b>	

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

TELETECH HOLDINGS, INC.  
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED STATEMENTS OF INCOME

	ELEVEN MONTHS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1993	1994	1995	1995	1996
	(UNAUDITED)				
REVENUES.....	\$ 19,519,593	\$ 35,462,172	\$ 50,467,490	\$ 10,412,306	\$ 22,019,345
OPERATING EXPENSES:					
Costs of services.....	10,726,189	17,405,789	27,245,961	5,468,962	11,194,498
Selling, general and administrative expenses.....	7,956,176	15,860,157	18,625,431	4,328,934	8,102,020
Total operating expenses.....	18,682,365	33,265,946	45,871,392	9,797,896	19,296,518
INCOME FROM OPERATIONS.....	837,228	2,196,226	4,596,098	614,410	2,722,827
OTHER INCOME (EXPENSES):					
Interest expense.....	(299,552)	(481,516)	(459,589)	(102,912)	(234,013)
Interest income.....	--	--	577,350	152,400	111,308
Other (Note 14).....	--	--	2,371,221	2,288,390	(341,278)
	(299,552)	(481,516)	2,488,982	2,337,878	(463,983)
Income before income taxes.....	537,676	1,714,710	7,085,080	2,952,288	2,258,844
PROVISION (BENEFIT) FOR INCOME TAXES.....	(10,000)	19,736	2,928,996	1,324,463	1,001,302
Net income.....	\$ 547,676	\$ 1,694,974	\$ 4,156,084	\$ 1,627,825	\$ 1,257,542
SHARES USED IN COMPUTING PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE.....			54,402,103	54,330,530	54,425,960
PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE.....			\$ .08	\$ .03	\$ .02
PRO FORMA NET INCOME AND EARNINGS PER COMMON SHARE (UNAUDITED) (Notes 1 and 8):					
Historical net income before income taxes.....	\$ 537,676	\$ 1,714,710			
Historical provision (benefit) for income taxes.....	(10,000)	19,736			
Pro forma income tax effects.....	248,996	657,866			
Pro forma net income.....	\$ 298,680	\$ 1,037,108			
Pro forma common shares outstanding.....	43,842,557	43,842,557			
Pro forma earnings per common share.....	\$ .01	\$ .02			

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	407,000	(25,000)	(325,600)	--
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	407,000	--	1,846,472	--
Purchase of Access 24 (Note 16).....	--	--	970,240	9,702	--	4,841,498	--
Cumulative translation adjustments....	--	--	--	--	--	--	141,095
Net income.....	--	--	--	--	--	--	--
Dividends accrued on Preferred Stock (Note 11).....	--	211,215	--	--	--	--	--
Issuance of restricted stock for compensation.....	--	--	76,000	760	--	379,240	--
BALANCES, March 31, 1996 (unaudited)....	1,860,000	13,078,645	41,746,240	417,462	--	7,067,210	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	93,000	--	12,985,645	--
BALANCES, Pro Forma March 31, 1996 (unaudited).....	--	\$ --	51,046,240	\$ 510,462	\$ --	\$20,052,855	\$ 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.





TELETECH HOLDINGS, INC.  
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

	ELEVEN MONTHS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1993	1994	1995	1995	1996
				(UNAUDITED)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income.....	\$ 547,676	\$ 1,694,974	\$ 4,156,084	\$ 1,627,825	\$ 1,257,542
Adjustments to reconcile net income to net cash provided by (used in) operating activities--					
Depreciation and amortization.....	722,753	1,164,696	2,124,287	435,998	1,047,383
Allowance for doubtful accounts....	302,408	(20,381)	616,395	46,545	107,778
Deferred taxes on income.....	(22,000)	--	21,623	212,500	(160,553)
Changes in assets and liabilities--					
Accounts receivable.....	(4,804,330)	2,288,110	(6,104,371)	(1,466,617)	(3,135,533)
Prepays and other assets.....	(162,599)	75,774	(36,583)	(16,080)	(169,594)
Deposits.....	(125,144)	(26,327)	(42,392)	(39,872)	(129,853)
Deferred costs.....	--	--	(345,978)	--	(1,385,256)
Other assets.....	--	--	--	--	101,871
Accounts payable.....	2,298,421	(1,860,500)	1,161,794	(234,569)	1,941,473
Accrued expenses.....	133,076	200,925	786,842	1,725,434	2,012,477
Accrued employee compensation....	(129,094)	328,371	780,251	1,122,634	1,344,802
Customer advances and deposits....	309,863	(213,933)	126,870	(118,868)	244,656
Deferred income.....	492,350	(466,667)	22,016	675,796	(16,255)
Net cash provided by (used in) operating activities.....	(436,620)	3,165,042	3,266,838	3,970,726	3,060,938
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of property and equipment....	(1,589,609)	(1,932,312)	(1,735,206)	(243,469)	(3,301,426)
Purchase of Access 24, net of cash acquired.....	--	--	--	--	(2,218,149)
(Increase) decrease in short-term investments.....	--	--	(10,361,213)	(11,840,569)	2,499,017
Net cash used in investing activities.....	(1,589,609)	(1,932,312)	(12,096,419)	(12,084,038)	(3,020,558)

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, 1994		THREE MONTHS ENDED MARCH 31, 1995		THREE MONTHS ENDED MARCH 31, 1996		
								(UNAUDITED)		
CASH FLOWS FROM FINANCING ACTIVITIES:										
Net increase (decrease) in bank overdraft.....	\$	81,277	\$	479,213	\$	866,527	\$	(540,490)	\$	(1,572,294)
Net increase (decrease) in short-term borrowings.....		832,000		(840,365)		361,365		(388,635)		2,500,000
Payments on long-term debt.....		(157,756)		(418,241)		(624,487)		(113,121)		(47,829)
Proceeds from long-term debt borrowings.....		1,042,374		475,000		--		--		--
Payments under capital lease obligations.....		(99,984)		(324,924)		(969,942)		(149,522)		(356,895)
Payments under subordinated notes payable to stockholder.....		(49,695)		(125,680)		(1,104,337)		(1,104,337)		--
Distributions to stockholder.....		--		(440,000)		(1,694,974)		(1,210,000)		--
Issuance of preferred stock.....		--		--		12,000,000		12,000,000		--
Net cash provided by (used in) financing activities.....		1,648,216		(1,194,997)		8,834,152		8,493,895		522,982
Effect of exchange rate changes on cash....		--		--		--		--		122,737
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....		(378,013)		37,733		4,571		360,583		686,099
CASH AND CASH EQUIVALENTS, beginning of period.....		378,013		--		37,733		37,733		42,304
CASH AND CASH EQUIVALENTS, end of period...	\$	--	\$	37,733	\$	42,304	\$	398,316	\$	728,403
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:										
Cash paid for interest.....	\$	299,552	\$	455,375	\$	464,551	\$	101,403	\$	155,904
Cash paid for income taxes.....	\$	108,085	\$	13,506	\$	2,423,591	\$	--	\$	525,000
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:										
Assets acquired through capital leases...	\$	2,137,884	\$	211,194	\$	4,106,326	\$	1,589,799	\$	1,712,887
Stock issued in purchase of Access 24....	\$	--	\$	--	\$	--	\$	--	\$	4,851,200

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 incremental 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 over twelve months. Deferred contract costs at

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)

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:

	PRO FORMA ELEVEN MONTHS ENDED DECEMBER 31, 1993	PRO FORMA YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31,	
				1995	1996
	(UNAUDITED)	(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.....	3,142,557	3,142,557	4,402,103	4,330,530	3,379,720
Shares used in computing pro forma net income per common and common equivalent share.....	43,842,557	43,842,557	54,402,103	54,330,530	54,425,960

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)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS

In March 1995, the Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS 121 is effective for financial statements for fiscal years beginning after December 15, 1995. The adoption of SFAS 121 on January 1, 1996 had no impact on the Company's consolidated financial position or results of operations.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock Based Compensation." With respect to stock options granted to employees, SFAS No. 123 permits companies to continue using the accounting method promulgated by the Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees," to measure compensation or to adopt the fair value based method prescribed by SFAS No. 123. If APB No. 25's method is continued, pro forma disclosures are required as if SFAS No. 123 accounting provisions were followed. Management has determined not to adopt SFAS No. 123's accounting recognition provisions (Note 12).

(2) CONCENTRATIONS

The Company's revenues from major customers (revenues in excess of 10% of total sales) are from entities involved in the telecommunications, technology, transportation, healthcare and financial services industries and for the periods ended December 31, 1993, 1994 and 1995 are as follows:

	ELEVEN MONTHS ENDED DECEMBER 31, 1993	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		----- 1994	----- 1995	----- 1995	----- 1996
	-----	-----	-----	----- (UNAUDITED)	
Customer A.....	23%	18%	31%	33%	22%
Customer B.....	--	5%	18%	24%	6%
Customer C.....	21%	17%	9%	13%	6%
Customer D.....	--	13%	--	--	--
Customer E.....	18%	--	--	--	--
Customer F.....	0%	0%	3%	0%	13%
	--	--	--	--	--
	62%	53%	61%	70%	47%
	--	--	--	--	--
	--	--	--	--	--

The loss of one or more of its significant customers could have a material adverse effect on the Company's business, operating results or financial condition.

To limit the Company's credit risk, management performs ongoing credit evaluations of its customers and maintains allowances for potentially uncollectible accounts. Although the Company is directly impacted



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)

by economic conditions in the telecommunications, technology, transportation, healthcare and financial services industries, management does not believe significant credit risk exists at December 31, 1995 or at March 31, 1996.

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
	-----	-----	-----
Less--Accumulated depreciation.....	9,321,592	15,163,125	23,296,117
	(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
	-----	-----	-----
Less--Accumulated depreciation.....	1,857,522	5,576,005	8,761,077
	(556,704)	(1,291,704)	(1,073,018)
	-----	-----	-----
	\$ 1,300,818	\$ 4,284,301	\$ 7,688,059
	-----	-----	-----

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)

(3) PROPERTY AND EQUIPMENT (CONTINUED)

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.

(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 (March 31, 1996 - 9 months).....	\$ 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)			(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
		(UNAUDITED)	
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
		(UNAUDITED)	
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 (PRO FORMA)	1994 (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 237,500 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.....	\$ .08	\$ .02
Pro Forma.....	\$ .07	\$ .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	\$ 1.90
Grants during period.....	2,355,000	\$ 1.90	803,440	\$ 5.25
Outstanding at end of period.....	2,355,000	\$ 1.90	3,158,440	\$ 2.75

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	405,000	\$ 2.00	10
\$ 3 - \$5	1,303,440	\$ 4.31	10
\$ 9	50,000	\$ 9.00	10

Subsequent to March 31, 1996, THI granted an additional 1,638,905 options at a weighted average price of \$8.17.

(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.....	\$ .08		\$ .07
Shares used in computing pro forma net income per common and common equivalent share.....	54,402		54,402

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 off against the gain arising on this sale.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the members of  
Access 24 Service Corporation Pty Limited

We have audited the accompanying financial statements of Access 24 Service Corporation Pty Limited and Controlled Entities and of the economic entity for the periods ended 28 February 1995 and December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on those financial statements based on our audit.

We conducted our audit in accordance with Australian Auditing Standards, which do not differ substantially from generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access 24 Service Corporation Pty Limited and Controlled Entities as of 28 February 1995 and December 31, 1995, and the results of the group's operations and cash flows for the periods then ended in accordance with Australian Accounting Standards.

There are certain differences between Australian Accounting Standards and those generally accepted in the United States of America. Application of the generally accepted accounting principles in the United States of America would not result in material differences to these financial statements.

ARTHUR ANDERSEN  
Chartered Accountants

Sydney, Australia,  
May 21, 1996

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

	NOTE -----		DECEMBER 31, 1995
		FEBRUARY 28, 1995	A\$ (NOTE 22)
		A\$	
<b>CURRENT ASSETS</b>			
Cash.....	5	1,837,982	816,220
Receivables.....	6	1,340,978	1,976,041
Other.....	7	165,432	401,173
<b>TOTAL CURRENT ASSETS.....</b>		<b>3,344,392</b>	<b>3,193,434</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment.....	8	2,170,050	4,217,281
Intangibles.....	9	2,163,362	1,964,360
Other.....	10	366,517	466,726
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>4,699,929</b>	<b>6,648,367</b>
<b>TOTAL ASSETS.....</b>		<b>8,044,321</b>	<b>9,841,801</b>
<b>CURRENT LIABILITIES</b>			
Creditors and borrowings.....	11	2,230,026	3,042,545
Provisions.....	12	1,586,870	802,176
<b>TOTAL CURRENT LIABILITIES.....</b>		<b>3,816,896</b>	<b>3,844,721</b>
<b>NON-CURRENT LIABILITIES</b>			
Creditors and borrowings.....	13	791,276	2,521,226
Provisions.....	14	97,216	169,943
<b>TOTAL NON-CURRENT LIABILITIES.....</b>		<b>888,492</b>	<b>2,691,169</b>
<b>TOTAL LIABILITIES.....</b>		<b>4,705,388</b>	<b>6,535,890</b>
<b>NET ASSETS.....</b>		<b>3,338,933</b>	<b>3,305,911</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital.....	15	212	212
Reserves.....	16	3,007,188	3,017,136
Retained profits.....		331,533	288,563
<b>TOTAL SHAREHOLDERS' EQUITY.....</b>		<b>3,338,933</b>	<b>3,305,911</b>

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

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

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

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

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 A\$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.

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 2. REVENUE AND EXPENSES:

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

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.

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

(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) FEBRUARY 28, 1995
	FEBRUARY 28, 1995	DECEMBER 31 1995	FEBRUARY 28, 1995	DECEMBER 31 1995	
		(NOTE 22)	A\$	A\$ (NOTE 22)	A\$
Access 24 Service Corporation Pty Limited....	--	--	--	--	852,890
Access 24 (Service Corporation) Limited (incorporated in New Zealand).....	100%	100%	83	83	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	--
High Performance Healthcare Pty Limited (incorporated in Australia) (v).....	--	100%	--	99	--
			83	186	999,090

	DECEMBER 31
	A\$
Access 24 Service Corporation Pty Limited....	343,285
Access 24 (Service Corporation) Limited (incorporated in New Zealand).....	99,021
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).....	(440,535)
High Performance Healthcare Pty Limited (incorporated in Australia) (v).....	(30,206)
	(28,435)

- (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 A\$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 A\$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 A\$1 consideration on December 22, 1995. At the date of acquisition, the net deficiency of Support 24 was A\$145,983 made up of the following assets and liabilities by major class: Cash balances A\$2,089, Receivables A\$10,522, Fixed Assets A\$10,875 and Creditors & Borrowings A\$(169,469). At the date of disposal, the net assets of Support 24 were A\$892 and were made up of: Receivables A\$59,967 and Creditors & Borrowings A\$(59,075). A loss of A\$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 A\$188,952 resulting in an operating profit of A\$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
	A\$	A\$	A\$	A\$	A\$
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
	A\$	A\$	A\$	A\$	A\$
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:

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

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 6. RECEIVABLES:

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

NOTE 7. OTHER CURRENT ASSETS:

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

NOTE 8. PLANT AND EQUIPMENT:

Plant and equipment and leasehold improvements:

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

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



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 9. INTANGIBLES:

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

NOTE 10. OTHER NON-CURRENT ASSETS:

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

NOTE 11. CREDITORS AND BORROWINGS (CURRENT):

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

NOTE 12. PROVISIONS (CURRENT):

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

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 13. CREDITORS AND BORROWINGS (NON-CURRENT):

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

(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 A\$3.77 million from the ultimate parent entity, the RACV.

NOTE 14. PROVISIONS (NON-CURRENT):

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

NOTE 15. SHARE CAPITAL:

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

NOTE 16. RESERVES:

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

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 17. REMUNERATION OF AUDITORS:

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

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

NOTE 18. COMMITMENTS:

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

(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.

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

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	
	FEBRUARY 28, 1995	DECEMBER 31, 1995
A\$ 0 - A\$ 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:

	A\$ 776,821	A\$ 904,589

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 A\$904,589 and A\$839,301, respectively.

Amounts paid to or on behalf of directors of the company in respect of retirement benefits and superannuation contributions were:

	A\$ 67,043	A\$ 53,071

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 FEBRUARY 28, 1995	VOLUME DECEMBER 31, 1995
			A\$	A\$ (NOTE 22)
RACV Insurance Pty Limited	Sales	Commercial terms and conditions	693,039	779,467
Auto 24 Pty Limited	Staff services fees	Commercial terms and conditions	448,863	877,093
	Loans advanced	Interest charged at commercial bank rates	545,000	651,050
	Loan repayments		427,118	632,459
	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	169,891	251,754
	Loans advanced	Nil interest	555,000	--
	Loan repayments		42,000	220,708
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	133,906	100,329
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:

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)  
 - the provision of services to third parties,  
 - 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	
	A\$1 ORDINARY SHARES, FULLY PAID	
	FEBRUARY 28, 1995	DECEMBER 31, 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:

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

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:

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

(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 A\$630,789 for Access 24 and A\$1,304,100 for the economic entity (A\$826,505 and A\$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 containing five photographs surrounding the words "TELETECH -- innovative Customer Care solutions." Starting in the upper right hand corner, the photographs, in counterclockwise order, are as follows: a black-and-white photograph of a TeleTech representative with a computer terminal in the background; a close-up color photograph of the wall insert portion of a press-and-click telephone jack; a black-and-white photograph of a TeleTech representative with a computer terminal in the background; a close-up cropped color photograph of portable flip telephone with illuminated buttons; and a color photograph of a TeleTech representative at a workstation in a TeleTech call center. The TeleTech corporate logo appears in the lower right-hand corner.

[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.

PROSPECTUS (SUBJECT TO COMPLETION)  
ISSUED JULY 26, 1996

6,220,000 SHARES

[LOGO]  
COMMON STOCK  
-----

OF THE 6,220,000 SHARES OF COMMON STOCK BEING OFFERED, 4,000,000 SHARES ARE BEING SOLD BY THE COMPANY AND 2,220,000 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, 1,244,000 SHARES ARE BEING OFFERED INITIALLY OUTSIDE OF THE UNITED STATES AND CANADA BY THE INTERNATIONAL UNDERWRITERS AND 4,976,000 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 \$14.50 AND \$16.50. SEE "UNDERWRITERS" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. THE COMMON STOCK HAS BEEN APPROVED FOR LISTING ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "TTEC," SUBJECT TO OFFICIAL NOTICE OF ISSUANCE.  
-----

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" COMMENCING ON PAGE 5 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 933,000 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.



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.....	\$ 42,000
Nasdaq National Market application fee.....	50,000
Printing expenses.....	200,000
Fees and expenses of counsel.....	200,000
Fees and expenses of accountants.....	200,000
Advisory fee to Equity Group Investments, Inc.....	500,000
Transfer agent and registrar fees.....	7,500
Blue sky fees and expenses.....	25,000
Miscellaneous.....	290,500
	-----
Total.....	\$1,515,000
	-----
	-----

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 \$.01 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 July 15, 1996, TeleTech granted to certain of its officers, employees, consultants and independent contractors options to acquire an aggregate of 5,038,080 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 257,720 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 237,500 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:

See attached Financial Statement Schedule.

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 Amendment No. 3 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Denver, Colorado on July 26, 1996.

By: /s/ KENNETH D. TUCHMAN

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

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS AMENDMENT NO. 3 TO THE REGISTRATION STATEMENT HAS BEEN SIGNED ON JULY 26, 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)

-----  
\* STEVEN B. COBURN

-----  
Steven B. Coburn

-----  
Chief Financial Officer (Principal Financial and  
Accounting Officer)

-----  
\* ALAN SILVERMAN

-----  
Alan Silverman

-----  
Director

-----  
\* RICHARD WEINGARTEN

-----  
Richard Weingarten

-----  
Director

-----  
\* SAMUEL ZELL

-----  
Samuel Zell

-----  
Director

-----  
\*By: /s/ KENNETH D. TUCHMAN

-----  
Kenneth D. Tuchman  
As Attorney-in-Fact

## EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
1.1**	Form of Underwriting Agreement
3.1**	Form of Restated Certificate of Incorporation of TeleTech
3.2**	Form of Amended and Restated By-laws of TeleTech
4.1	Form of Amended and Restated Investment Agreement to be executed at the closing of the Offering 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 14, 1996
10.4	Employment Agreement dated as of April 1, 1996 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. Directors Stock Option Plan
10.9**	Sublease Agreement dated September 26, 1994 between International Business Machines Corporation and TeleTech Telecommunications, Inc.
10.10**	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 June 24, 1996 between Sam Menlo, Trustee of the Menlo Trust, U.T.I. 5/2/83, and TeleTech Telecommunications
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

EXHIBIT  
NO.

DESCRIPTION

-----

10.19**	Sublease dated as of September 28, 1995 between Norwest Bank Colorado, National Association, and TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc. and TeleTech Holdings, Inc.
10.20**	Sublease dated as of September 28, 1995 between Norwest Bank Colorado, National Association, and TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc. and TeleTech Holdings, Inc.
16.1**	Letter regarding change in independent accountants
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 (previously included on the signature page to the Registration Statement)
27**	Financial Data Schedule

- - - - -  
\*\*Previously filed

+Confidential treatment has been requested for portions of this document.

FORM OF  
AMENDED AND RESTATED  
INVESTMENT AGREEMENT

THIS AMENDED AND RESTATED INVESTMENT AGREEMENT ("Agreement") is made as of [August \_\_, 1996] by and among TELETECH HOLDINGS, INC., a Delaware corporation (the "Company"), TELETECH INVESTORS GENERAL PARTNERSHIP, an Illinois general partnership ("Partnership"), and SUSAN SILVERMAN, ALAN SILVERMAN and JACK SILVERMAN (collectively, the "Silvermans"), as successors in interest to Essaness Theatres Corporation, a Delaware corporation. The Partnership and the Silvermans shall sometimes collectively be referred to hereinafter as the "Stockholders" and, individually, as a "Stockholder". Unless otherwise defined, capitalized terms used in this Agreement are defined in Article III hereof.

R E C I T A L S  
- - - - -

WHEREAS, the parties hereto (or, in the case of the Silvermans, their predecessor in interest) are parties to an Investment Agreement, dated as of January 17, 1995, as amended by Amendment No. 1 thereto, dated January 1, 1996 (as amended, the "Original Agreement");

WHEREAS, each of the Stockholders is the record and beneficial owner of that number of shares of common stock, par value \$0.01 per share (the "Common Stock"), of the Company set forth opposite such Stockholder's name on SCHEDULE A attached hereto (such shares of the Stockholders collectively being referred to herein as the "Shares");

WHEREAS, in connection with the initial public offering of the Common Stock of the Company (the "IPO"), the parties hereto desire to amend and restate the Original Agreement and to set forth certain agreements and understandings with respect to the Shares and certain registration rights of the Stockholders.

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  
REGISTRATION RIGHTS

Section 1.1. DEMAND REGISTRATION.

(a) WRITTEN REQUEST. On or after the date which is one (1) year from the closing date of the IPO, Stockholders then holding Shares representing a majority of the Shares then held or beneficially owned by all Stockholders (taken together as a whole) shall have the right to require the Company to register under the Securities Act of 1933, as amended (the

"Securities Act"), such number of Shares as such Stockholders shall designate for sale in a written request (the "Demand Registration Notice") to the Company in one (1) firm commitment, underwritten public offering (the "Demand Registration").

(b) SELECTION OF UNDERWRITERS. The Stockholders requesting Demand Registration, at their sole and absolute discretion, shall select and obtain one or more nationally-recognized investment banker and manager to administer and underwrite the Demand Registration.

(c) DEMAND REGISTRATION.

(i) If the Demand Registration is requested pursuant to Section 1.1(a) hereof, the Company agrees to use its reasonable best efforts to cause to be filed at the earliest possible date, and in no event later than ninety (90) days from the receipt of such request, and declared effective a registration statement providing for the sale by the Stockholders of all Shares owned by the Stockholders and designated for sale in the Demand Registration Notice in a firm commitment, underwritten public offering on an appropriate form pursuant to Section 7(a) of the Securities Act conducted by investment banker(s) and manager(s) selected pursuant to Section 1.1(b) hereof. The Company shall be required to use its reasonable best efforts to cause the registration statement filed pursuant to such Demand Registration to remain effective for the period set forth in Section 1.4(c) hereof.

(ii) The Company shall be entitled to postpone for a reasonable period of time (not exceeding twelve (12) months) the filing of a registration statement pursuant to the Demand Registration request by any Stockholders pursuant to Section 1.1(a) hereof, if, within ten (10) business days after the Company receives the Demand Registration Notice, the Company shall furnish to the Stockholders a certificate signed by the President of the Company stating that in the good faith belief of a majority of the Board of Directors, it would be in the best interests of the Company and its stockholders to defer the filing required hereunder. Such certificate shall summarize the reasons for such good faith belief, and the Stockholders shall be entitled to discuss the reasons given with the entire Board of Directors.

(iii) If at any time the Company is subject to the periodic reporting requirements under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Company informs the Stockholders that it believes that any fact or circumstance concerning the Company exists which, in the good faith judgment of a majority of the Board of Directors, constitutes material information which has not been publicly disclosed and which the Board of Directors believes, in its good faith judgment, is inappropriate or inadvisable so to disclose, the Company may instruct orally (such oral instructions to be confirmed promptly in writing) the Stockholders not to sell any Shares until the Company either (A) discloses such fact or circumstance and delivers to the Stockholders (in the context of a public offering) copies of an amended or supplemented

prospectus in accordance with the provisions of Section 1.4 hereof, or (B) delivers written notice to the Stockholders that he, she, it and/or they may proceed with such sale; provided, however, that no such limitation on any Stockholder's ability to sell Shares shall continue for a period of more than ten (10) business days; but provided, further, that the Company may, on one (1) occasion during the term of this Agreement, extend such ten (10) business day limitation to up to twenty (20) business days if the Board of Directors believes, in its good faith judgment, that such extension is advisable and appropriate; provided, further, that the period of time referenced in this Section 1.1(c)(iii) may be extended by the Board of Directors if it believes, in its good faith judgment, that such extension is necessary in the event that any Stockholder has not promptly provided information or has provided inaccurate information required in connection with the public disclosure of such material information referred to in this Section 1.1(c)(iii); provided, further, that the period of such extension is reasonably related to the period of the delay caused by such Stockholder.

(iv) The Company shall be entitled to postpone for a reasonable period of time (not exceeding ninety (90) days) the filing of any registration statement otherwise required to be prepared and filed by it pursuant to this Section 1.1(c) if, at the time the Company receives a request for such registration, the Company is engaged in any program for the purchase of shares of Common Stock.

(v) If the Company shall so postpone the filing of a registration statement pursuant to subparagraph (ii), (iii) or (iv) of this Section 1.1(c), the Company promptly shall give the Stockholders written notice of such postponement, including a statement of the reasons therefor and the expected duration thereof, and the Stockholder(s) making the request for Demand Registration shall have the right to withdraw the Demand Registration by giving written notice to the Company within fifteen (15) days after receipt of the notice of postponement. If such Stockholder(s) shall withdraw the request for Demand Registration: (A) such registration shall not recommence; and (B) such demand shall not be counted as the one (1) Demand Registration to which the Stockholders (taken together as a whole) are entitled under this Section 1.1.

(vi) A registration shall not count as a Demand Registration until it has become effective and remained effective for the period set forth in Section 1.4(c) hereof; provided, however, that an effective Demand Registration shall not count as a Demand Registration if (A) less than 75% of the Shares requested to be registered pursuant to the Demand Registration Notice shall not have been registered and sold; provided, further, that all obligations of the Company to the Stockholder with respect to such Demand Registration shall remain in effect notwithstanding the determination that such registration does not count as the Demand Registration.

(vii) Each of the Company's principal executive officer and principal financial officer and other members of the Company's senior management, as the

Stockholders shall reasonably request, shall use their reasonable best efforts to assist the underwriters in selling the Shares which are part of the Demand Registration and otherwise consummating the Demand Registration, including, without limitation, participating in any "road-show" or other presentations to potential investors, analysts or other market professionals.

Section 1.2. COMPANY REGISTRATION.

(a) As long as any Stockholder beneficially owns Shares comprising at least one percent (1%) of the outstanding Common Stock, as determined on a fully-diluted basis, at any time, and from time to time, if the Company proposes to file a registration statement with respect to shares of Common Stock (other than a registration statement on Form S-8 or S-4 or comparable successor forms), which is available for use for the Shares, if then issued, under the Securities Act, then the Company shall give written notice of such proposed filing to the Stockholders at least thirty (30) days before the anticipated filing date of such registration statement. Such notice shall offer each of the Stockholders the opportunity to include in such registration statement such Shares owned by any such Stockholder at such time as such Stockholder may request in writing within fifteen (15) days after receipt of the Company's notice (which request shall specify the number of Shares proposed to be sold and the intended method of disposition). The Company shall include in any such registration statement all such Shares requested to be included. Notwithstanding the foregoing, if the managing underwriter or underwriters of any such offering advise the Stockholders proposing to sell Shares in such offering and the Company in writing that the total number of shares of Common Stock which the Company, or the Stockholders, and any other person or entities intend to include in such offering is sufficiently large to affect materially and adversely the success of such offering, then the number of shares of Common Stock to be offered for the account of such Stockholders, other holders of shares of Common Stock and the Company distributing their Common Stock through such underwriting may be reduced and there shall be excluded from such registration and underwriting, to the extent necessary in the underwriters' sole discretion, first shares held by shareholders of the Company (other than the Stockholders) requesting such registration, second Shares held by the Stockholders, PRO RATA among them, and, thereafter, shares which the Company wishes to register for its own account.

(b) The Company may require any Stockholder to furnish the Company information regarding such Stockholder and the disposition of such Stockholder's Shares and each Stockholder agrees to furnish such information to the Company and any other information as the Company may reasonably request.

Section 1.3. RESTRICTIONS ON PUBLIC SALE.

(a) RESTRICTIONS ON PUBLIC SALE BY THE COMPANY. The Company shall not effect any public sale or distribution of Common Stock, other than pursuant to a registration statement on Form S-8 or S-4, or comparable successor forms, during the one-hundred twenty (120) day period beginning on the date which is thirty (30) days immediately prior to

the effective date of a registration statement filed with respect to any Demand Registration hereunder or such shorter period as is specified in Section 1.4(c).

(b) RESTRICTIONS ON PUBLIC SALE BY STOCKHOLDERS. Unless the Company consents in advance in writing, no Stockholder shall effect any public sale or distribution of any of the Shares during the ninety (90) day period beginning on the effective date of a registration statement filed with respect to any Demand Registration or registration proposed by the Company or such shorter period as is specified in Section 1.4(c).

Section 1.4. REGISTRATION PROCEDURES.

Whenever any Stockholder has requested that any Shares be registered pursuant to Section 1.1 of this Agreement, the Company will use its reasonable best efforts to effect the registration of such Shares as soon as practicable, and in connection with any such request, as expeditiously as possible, the Company shall:

(a) Prepare and file with the SEC, not later than ninety (90) days after receipt of a request to file, a registration statement with respect to such Shares on any form for which the Company then qualifies and which counsel for the Company and, in the case of a Demand Registration, its managing underwriters, shall deem appropriate and which form shall be available for the sale of the Shares in accordance with the intended method of distribution thereof, and use its reasonable best efforts to cause such registration statement to become effective.

(b) Before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to counsel for any investment banker and, in the case of a Demand Registration, the managing underwriters of such Demand Registration, and to counsel engaged by the Stockholders, copies of all such documents proposed to be filed with the SEC, which documents will be subject to the review and comment of such counsel, and, if requested by such counsel, will insert such material in such documents, which in their judgment should be included (subject, however, to the reasonable approval of counsel to the Company). After filing a registration statement or prospectus or any amendments or supplements thereto, the Company promptly will notify the Stockholders and, in the case of a Demand Registration, the managing underwriters of (i) the effectiveness of such registration statement or any post-effective amendment thereto, (ii) its receipt of any SEC request to supplement or amend such registration statement, or (iii) its receipt of any stop order issued or threatened by the SEC and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(c) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep a Demand Registration effective for such period of not less than the lesser of (i) such period as the managing underwriters reasonably determine is necessary to enable the underwriters to effect the distribution of the Shares or (ii) such period as will terminate when



all Shares covered by such registration statement have been sold (but not before the expiration of the relevant prospectus delivery requirements referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable).

(d) Furnish to the Stockholders, and, in the case of a Demand Registration, the managing underwriters, such reasonable number of copies of (i) such registration statement (including all exhibits thereto), (ii) each amendment and supplement thereto (in each case including all exhibits thereto), (iii) the prospectus included in such registration statement (including each preliminary prospectus) and (iv) such other documents as the Stockholders and, in the case of a Demand Registration, the managing underwriters, may reasonably request in order to facilitate the disposition of the Shares owned by the Stockholders; provided, however, that if such other documents referred to in clause (iv) above do not exist at the time of such request (and are not prepared by the Company in the ordinary course of business), the Company shall not be obligated to prepare such documents, but only to provide to the Stockholders and/or the managing underwriters the information required for the preparation of such documents.

(e) Use its reasonable best efforts to register or qualify such Shares under such other securities or blue sky laws of such jurisdictions in the United States as the Stockholders reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable the Stockholders, and, in the case of a Demand Registration, the managing underwriters, to consummate the disposition in such jurisdictions of the Shares; provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph (e), or (ii) consent to general service of process (not including the filing of any Form U-2 Uniform Consent to Service of Process) in any jurisdiction.

(f) Use its reasonable best efforts to cause the Shares covered by such registration statement (and the transactions contemplated thereby) to be registered with or approved by such other governmental agencies or authorities as may be necessary, to enable the Stockholders to consummate the disposition of such Shares.

(g) Provide a transfer agent for the Shares not later than the effective date of such registration statement;

(h) Promptly deliver to the Stockholders, and, in the case of a Demand Registration, the managing underwriters and their respective counsel, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC with respect to any such registration statement.

(i) Notify the Stockholders, and, in the case of a Demand Registration, the managing underwriters, at any time when a prospectus relating to the Shares, as applicable, that is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to

make the statements therein not misleading, and the Company promptly will prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Shares such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(j) If requested by the Stockholders or the managing underwriters retained in the case of a Demand Registration, and subject to the reasonable judgment of counsel to the Company, immediately incorporate in a prospectus supplement or post-effective amendment such information as the Stockholders or the managing underwriters agree should be included therein and which is furnished to the Company in writing and expressly for use in the prospectus, including, without limitation, information with respect to the Shares being sold; and make all required filings of such prospectus supplement or post-effective amendment as soon as notified of the matters to be incorporated in such prospectus supplement or post-effective amendment.

(k) Enter into such customary agreements (including, in the case of a Demand Registration, an underwriting agreement in customary form for secondary offerings) and take all such other actions as the Stockholders, and, in the case of a Demand Registration, the managing underwriters, reasonably request in order to expedite or facilitate the disposition of such Shares (including, without limitation, if the Company has not previously effected a public offering of its Common Stock, effecting a stock split or a combination of shares).

(l) Make available, upon reasonable notice and during business hours, for inspection by any Stockholder, any underwriters participating in any disposition pursuant to such registration statement (in the case of a Demand Registration only), and any attorney, accountant or other agent retained by the Stockholders, or such managing underwriters (collectively, the "Inspectors"), all then existing financial and other records, pertinent corporate documents and properties of the Company as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company and its respective officers, directors and employees to supply all such information reasonably requested by any such Inspectors, in connection with such registration statement.

(m) Use its reasonable best efforts to obtain an opinion from the Company's independent outside counsel and a "cold comfort" letter from the Company's independent public accountant, in customary form for primary offerings for an issuer of the type of the Company and for securities of the type of the Shares and covering such matters of the type customarily covered by opinions and cold comfort letters for primary offerings for an issuer of the type of the Company and for securities of the type of the Shares as the counsel for the Stockholders reasonably requests.

(n) Otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering a period of twelve (12) months, beginning within three (3) months after the effective date of the registration statement, which earnings statement

shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations thereunder.

(o) The Company may require each Stockholder to furnish the Company information regarding such Stockholder, the disposition of such Stockholder's Shares and any other information reasonably requested by the Company, and each Stockholder agrees to furnish such information to the Company. In addition, the Company may require any Stockholder participating in the offering to make representations and warranties to the underwriters of the kind and to the extent customarily given by selling stockholders to underwriters in connection with public offerings of securities as contemplated by this Article I, and each such Stockholder agrees to make such representations and warranties to the underwriters; provided, however, that such Stockholder shall not be required by the Company to make any representations or warranties to, or agreements with, the Company or the underwriter(s) other than those customarily given or entered into by selling stockholders in connection with public offerings of securities as contemplated by this Article I.

(p) The Stockholders agree that upon receipt of any notice from the Company of any event of the kind described in Section 1.4(i) hereof, the Stockholders will forthwith discontinue disposition of any Shares pursuant to the registration statement or statements covering such Shares until the Stockholders' receipt of the copies of the supplemented or amended prospectus contemplated by Section 1.4(i) hereof, and, if so directed by the Company, the Stockholders will deliver to the Company (at the Company's expense) all copies then in their possession, of any prospectus covering such Shares current at the time of receipt of such notice, other than permanent file copies. In the event the Company shall give any such notice, the period mentioned in Section 1.4(c) hereof shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 1.4(i) hereof to and including the date when the Stockholders shall have received the copies of the supplemented or amended prospectus contemplated by Section 1.4(i) hereof, unless otherwise prohibited by law.

(q) No registration statement shall refer to any Stockholder by name or otherwise as the holder of any Shares unless such Stockholder has had a reasonable opportunity to review such references and shall have granted their prior approval of the content of such references; provided that, if such information is required to be disclosed by law or regulation, such approval shall not be unreasonably withheld or delayed.

(r) In the case of a Demand Registration, if the Company proposes that such registration be on Form S-3 or any similar short-form registration statement which is a successor to Form S-3, but the managing underwriters advise the Company in writing that in their opinion the use of another form permitted to be used by the Company is of material importance to the success of the offering, then such registration shall be on such other permitted form.

Section 1.5. REGISTRATION EXPENSES. The Company agrees to pay all fees, costs and expenses in connection with any Demand Registration (whether or not any such registration shall

become effective), including without limitation, (a) all registration, qualification and filing fees, (b) fees, costs and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel for the underwriters in the case of a Demand Registration in connection with blue sky qualifications of the Shares), (c) printing and duplicating expenses, (d) messenger, telephone and delivery expenses, (e) fees, expenses and disbursements of counsel for the Company and all independent certified public accountants (including the expenses of any annual audit, special audit or "cold comfort" letters requested by or incident to such performance), (f) fees and expenses of any special experts retained by the Company in connection with such registration, (g) fees and expenses of other Persons retained by the Company, (h) fees, costs and expenses incurred in connection with the listing of the Shares on each national securities exchange or automated quotation system on which the Company has made application for the listing of its Common Stock, (i) fees and expenses reasonably incurred in connection with a Demand Registration by special counsel engaged by the Stockholders, not exceeding \$50,000 in the aggregate and any out-of-pocket expenses reasonably incurred by the Stockholders in connection therewith; provided, however, that such costs and expenses to be paid by the Company shall not include any underwriters' and brokers' discounts or commissions attributable to the sale of Common Stock. Notwithstanding the foregoing, the Company's obligations pursuant to this Section 1.5 to pay all fees, costs and expenses in connection with a Demand Registration shall be considered to be satisfied in full and shall be terminated for any subsequent Demand Registration under this Agreement in the event that (i) the Company satisfies its obligations set forth in the first sentence of this Section 1.5 with respect to a registration statement that is filed with the SEC but is not declared effective, and (ii) the managing underwriters have provided the Company (upon its written request) with a letter indicating that such underwriters are highly confident a firm commitment underwriting of at least 75% of the Shares requested by the Stockholders to be registered and sold can be effected, and (iii) either (x) the Stockholder withdraws their Shares from the registration statement (other than at the request of the managing underwriters or for a failure of the Company to register at least 75% of the Shares requested by the Stockholders to be registered and sold), or (y) the Company or the managing underwriters withdraw such registration statement and the reasons for such withdrawal of the registration statement and proposed public offering by the Company or the managing underwriters were as a direct result of the intentional acts (or intentional failures to act) of any Stockholder (other than such Stockholder's withdrawal of its Shares at the request of the managing underwriters or for a failure of the Company to register at least 75% of the Shares requested by the Stockholders to be registered and sold).

#### Section 1.6. INDEMNIFICATION AND CONTRIBUTION.

(a) INDEMNIFICATION BY THE COMPANY. The Company agrees to indemnify, to the full extent permitted by law, the Stockholders and, as applicable, all officers, directors, employees and partners of each Stockholder and each Person who controls each Stockholder within the meaning of Section 15 of the Securities Act and Section 20(a) of the Exchange Act against any and all joint or several Damages to which they or any of them may become subject: (i) under the Securities Act, the Exchange Act, or otherwise, insofar as such Damages (or actions in respect thereof) arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus, preliminary prospectus or any amendment to any of the foregoing, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) as a result of or in connection with any violation of applicable Laws by the Company (other than as a result of any act committed by or omission of any Stockholder without the Company's approval), any Stockholder or any of the Company's employees or officers; provided, however, that the Company will not be liable if any such Damages arise out of or are based upon any such untrue statement

or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of a Stockholder in a signed document stating that such information is specifically for use therein; and provided further, that the foregoing indemnity is subject to the condition that, insofar as it related to any untrue statement, alleged untrue statement, omission or alleged omission made in a preliminary prospectus but eliminated or remedied in the final prospectus (filed pursuant to Rule 424(b) under the Securities Act), such indemnity shall not inure to the benefit of such Stockholder from whom the Person asserting any Damages purchased the Shares which are the subject thereof, if copies of such final prospectus were delivered to such Stockholder on a timely basis and such Stockholder did not deliver to such Person the final prospectus with or prior to the written confirmation for the sale of such Shares to such Person. In connection with an underwritten offering, the Company will indemnify the underwriters thereof, their officers, directors, employees and partners and each Person who controls such underwriters within the meaning of Section 15 of the Securities Act and Section 20(a) of the Exchange Act to the same extent as provided above with respect to the indemnification of such Stockholder and use their reasonable best efforts to obtain a reciprocal and mutual indemnity from the underwriters. Such indemnification shall be effective notwithstanding any investigation made by or on behalf of such Stockholder, underwriter or any such officer, director, partner, employee or controlling Person and shall survive any transfer by the same of the Shares. This indemnity (A) also applies to the IPO, if and only to the extent that Section 4.6(a) of the Original Agreement has been rendered ineffective as a result of this Agreement and (B) will be in addition to any liability which the Company may otherwise have, including any under this Agreement.

(b) INDEMNIFICATION BY THE STOCKHOLDERS. Each Stockholder will furnish to the Company in writing such information and affidavits with respect to such Stockholder as the Company reasonably requests for use in connection with any registration statement or prospectus to be filed or used under this Agreement and agrees to indemnify to the full extent permitted by law, the Company, each person who signed the registration statement, and each Person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act against joint or several Damages to which they or any of them may become subject: (i) under the Securities Act, the Exchange Act or otherwise, insofar as such Damages (or actions in respect thereof) arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus, preliminary prospectus or any amendment thereof or supplement thereto, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to

the extent, that any Damages arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with information furnished in writing by the Stockholders to the Company in a signed document stating that such information is specifically for use therein; or (ii) as a result of or in connection with any violation of applicable Laws by any Stockholder (other than as a result of any act committed by or omission of the Company or any other Stockholder) or any general or limited partners or employees of any Stockholder. This indemnity (A) also applies to the IPO, if and only to the extent that Section 4.6(b) of the Original Agreement has been rendered ineffective as a result of this Agreement and (B) will be in addition to any liability which any Stockholder may otherwise have, including any liability under this Agreement. Notwithstanding the foregoing, the liability of any Stockholder except for any liability resulting from the willful misconduct or intentional action of any Stockholder shall not exceed an amount equal to the proceeds realized by such Stockholder of Shares sold as contemplated herein.

(c) CONDUCT OF INDEMNIFICATION PROCEEDINGS. Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing at the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which such party may have under this Section 1.6 except to the extent that the indemnifying party has been prejudiced in any material respect by such failure or from any liability which such party may have otherwise). In case any such action is brought against any indemnified party, and the indemnified party notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party shall have the right to employ its counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action, or (ii) the indemnifying party shall not have employed counsel to take charge of the defense of such action within a reasonable time after notice of the commencement of the action. Anything in this subsection to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent.

(d) CONTRIBUTION. In order to provide for contribution in circumstances in which the indemnification provided for in this Section 1.6 is for any reason held to be unavailable or is insufficient to hold harmless a party indemnified hereunder, then the indemnifying party and the indemnified party shall contribute to the aggregate Damages of the nature contemplated by such indemnification provision (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting from Damages suffered by the indemnifying party any contribution received by the indemnifying party from Persons, other than the indemnified party, who may also be liable for contribution, including Persons who control the indemnifying party within the meaning of Section 15 of the Securities Act or Section 20(a)

of the Exchange Act) to which the indemnifying party, on the one hand, and the indemnified party, on the other hand, may be subject, in such proportions as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, in connection with the statements or omissions which resulted in Damages, as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by a party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties agree that it would not be just and equitable if contribution pursuant to this Section 1.6(d) was determined by PRO RATA allocation or by any other method of allocation which does not take into account the equitable considerations referred to above. Notwithstanding the foregoing, (i) any underwriting agreement entered into pursuant hereto may provide that in no case shall any underwriter (except as may be provided in any agreement among underwriters) be liable or responsible for any amount in excess of the underwriting discount applicable to the shares purchased by such underwriters, and (ii) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 1.6(d), notify such party or parties from which contribution may be sought of any obligation it or they may have under this Section 1.6(d) or otherwise. No party shall be liable for contribution with respect to any action or claim settled without its consent, which consent may not be unreasonably withheld or delayed. Notwithstanding the foregoing, the liability of any Stockholder, except for any liability resulting from the willful misconduct or intentional action of such Stockholder, shall not exceed an amount equal to the proceeds realized by such Stockholder from Shares sold as contemplated herein.

Section 1.7. LISTING: PUBLIC REPORTS AND RULE 144. The Company will use its reasonable best efforts to cause any Shares covered by a registration statement to be listed on a national securities exchange (including for purposes of this Agreement, the Nasdaq Stock Market - Nasdaq National Market) if such Shares are not already so listed, subject to the distribution requirements of such exchange. From and after effecting an initial public offering of Common Stock, the Company agrees to timely file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder and take such further action as the Stockholder may reasonably request, all to the extent required from time to time to enable the Stockholder to sell Shares without registration under the Securities Act within the limitations of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Stockholder, the Company will deliver to such Stockholder a written statement as to whether it has complied with such requirements. From and after effecting an initial public offering of Common Stock, so long as any Stockholder owns any Shares, the Company shall furnish to any Stockholder upon the Stockholder's request a written statement by the Company as to the Company's compliance with

the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as the Stockholder may reasonably request in availing itself of any rule or regulation of the SEC allowing the Stockholder to sell any such securities without registration; and take any further action reasonably requested by the Stockholder to enable the Stockholder to sell his, her or its Shares in accordance with the terms of the this Agreement, and without registration under Rule 144, under any successor provision, or any similar rule or regulation promulgated by the SEC from time to time.

Section 1.8. SPECIAL COUNSEL. In connection with any registration statement covering Shares pursuant to this Agreement, the Stockholders may engage one special counsel to represent all Stockholders in connection with any such registration statement. In the event of a Demand Registration, the Company shall pay all fees and expenses of such counsel subject to Section 1.5(i) hereof. The Company agrees to cooperate with such counsel. Fees and expenses of any such special counsel retained by the Stockholders in connection with a registration under Section 1.2(a) shall be borne by the Stockholders.

Section 1.9. LIMITATIONS ON SUBSEQUENT REGISTRATION RIGHTS. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Stockholders, enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are more favorable than the registration rights granted to the Stockholders hereunder.

## ARTICLE II ADDITIONAL AGREEMENT AS TO TRANSFER OF SHARES

Section 2.1. TRANSFER OF REGISTRATION RIGHTS. Each Stockholder shall have the right to transfer the registration rights granted under this Agreement to his, her or its general partners, Affiliates, members of their respective immediate families or trusts established for the benefit of the general partners or members of their respective immediate families (each such transferee being hereinafter referred to as a "Permitted Transferee") together with Shares; provided, however, that in order to request and exercise a Demand Registration hereunder, such Stockholder and/or his, her or its Permitted Transferee(s) holding shares representing a majority of the Shares held or beneficially owned by such Stockholders and his, her or its Permitted Transferees (taken together as a whole) must notify the Company of their intention to exercise such right. For the purposes of this Agreement, (a) members of a Person's "immediate family" shall mean and include only such Person's spouse, children, grandchildren and parents, (b) "children" shall include any adopted child of such Person and (c) "grandchildren" shall include any child adopted by a child of Person.

Section 2.2. REFERENCES TO "STOCKHOLDER" TO INCLUDE "PERMITTED TRANSFEREES". Any reference to a "Stockholder" shall be deemed to include all Permitted Transferees of such Stockholder, if any.



Section 2.3. LEGEND.

(a) Each certificate representing any Shares held by a Stockholder shall be endorsed with the following legend:

THE SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, GIFT, TRANSFER OR OTHER DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THAT CERTAIN AMENDED AND RESTATED INVESTMENT AGREEMENT, DATED AS OF \_\_\_\_\_, 1996, 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.

(b) The Company promptly shall instruct its transfer agent, if any, to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 2.3(a) to enforce the provisions of this Agreement. The legend specified in Section 2.3(a) shall be removed only upon termination of this Agreement or mutual written instructions to the transfer agent, if any, from both Stockholder and the Company.

ARTICLE III  
REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Stockholder hereby severally represents and warrants (with respect only to himself, herself or itself, as the case may be) to the Company and to each other Stockholder, on and as of the date hereof, as follows:

Section 3.1. ORGANIZATION AND GOOD STANDING. Such Stockholder, if it is a non-natural person, is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Such Stockholder has full corporate, partnership or other power and authority or has full legal capacity, as the case may be, to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by such Stockholder have been duly authorized by all necessary corporate or partnership action, as appropriate.

Section 3.2. AUTHORITY AND ENFORCEABILITY. The execution, delivery and performance by such Stockholder of this Agreement and all other agreements contemplated herein have been duly authorized by all necessary action on the part of such Stockholder and, upon delivery hereof by such Stockholder, will constitute a legal, valid and binding obligation of such Stockholder, enforceable against such Stockholder in accordance with its terms.

Section 3.3. NON-CONTRAVENTION. The compliance by such Stockholder with all of the provisions of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (i) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Stockholder or any of his, her or its affiliates is a party or by which such Stockholder or any of his, her or its affiliates is bound or to which any of the property or assets of such Stockholder or any of his, her or its affiliates is subject, (ii) the provisions of the Articles or Certificate of Incorporation, By-laws, partnership agreement or other governing instruments, if any, of such Stockholder or (iii) any material statute, rule or regulation or any material order, judgment or decree of any court or governmental agency or body having jurisdiction over such Stockholder or any of his, her or its affiliates or any of their properties.

Section 3.4. CONSENTS/APPROVALS. No consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the execution, delivery and performance by such Stockholder of this Agreement and all other agreements contemplated herein or for the consummation by the such Stockholder of the transactions contemplated hereby.

#### ARTICLE IV DEFINITIONS

"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.

"BOARD OF DIRECTORS" shall mean the Company's board of directors.

"COMMON STOCK" shall mean the Company's common stock, par value \$ 0.01 per share.

"DAMAGES" shall mean any losses, claims, damages, liabilities and expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever and any and all amounts paid (with the approval of the indemnifying party) in settlement of any claim or litigation).

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended, or any similar federal law then in force.

"LAWS" shall mean any statute, law, rule or regulation or any order, writ, injunction or decree of any court or governmental authority, resulting in or relating to Damages.

"PERSON" shall mean an individual, a partnership, a corporation, an association, a joint stock the company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"REGISTER," "REGISTERED" and "REGISTRATION" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

"SEC" shall mean the Securities and Exchange Commission.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended, or any similar federal law then in force.

ARTICLE V  
MISCELLANEOUS

Section 5.1. STOCKHOLDERS' REPRESENTATIVE. Each Stockholder, by his, her, or its execution hereof, designates either or both of Samuel Zell or Sheli Rosenberg (the "Representative") as such Stockholder's representative with the full and exclusive power and authority to represent and bind each of them with respect to all matters arising under and pursuant to this Agreement, other than any notice or consent delivered or required to be delivered under Section 1.2 (for which any such notice or consent shall be binding upon any Stockholder only if executed by such Stockholder). Each Stockholder agrees that only the Representative (or Successor Representative, if appointed) shall have the right, on behalf of the Stockholders, to request registration under Section 1.1(a) and that any such request or other action, consent or approval required or useful to the transactions contemplated in this Agreement shall be deemed to have been taken or given by all of the Stockholders and shall be binding upon all of the Stockholders if such action, consent or approval is taken or given by the Representative. In the event of the resignation, death or incapacity of the Representative, the Stockholders shall designate another Person to act as successor representative (the "Successor Representative") with all power and authority granted to the Representative hereunder.

Section 5.2. CONDITIONS TO EXERCISE OF RIGHTS. The exercise of each parties' respective rights hereunder shall be subject to and conditioned upon, and each party shall use its or his reasonable best efforts to assist such other parties in, compliance with all applicable laws.

Section 5.3. 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 courier 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 THE COMPANY:

-----

TeleTech Holdings, Inc.  
1700 Lincoln Street, Suite 1400  
Denver, Colorado 80203  
Attention: Mr. Kenneth Tuchman  
Fax: (303) 894-4203

with a copy to:

Neal, Gerber & Eisenberg  
Two North LaSalle  
Suite 2200  
Chicago, Illinois 60602  
Attention: Charles E. Gerber, Esq.  
Fax: (312) 269-1747

IF TO THE STOCKHOLDERS:

-----

TO THE PARTNERSHIP:

-----

c/o Equity Group Investments, Inc.  
Two North Riverside Plaza  
Chicago, Illinois 60606  
Attention: Sheli Rosenberg  
Fax: (312) 454-0610

with a copy to:

Rosenberg & Liebenritt, P.C.  
Two North Riverside Plaza  
Suite 1600  
Chicago, Illinois 60606  
Attention: Donald J. Liebenritt, Esq.  
Fax: (312) 454-0335

TO THE SILVERMANS:

-----

c/o Essaness Theatres Corporation  
22842 S. Harlem Avenue

Frankfort, Illinois 60423  
Attention: Susie Silverman, President  
Fax: (708) 720-9456

with a copy to:

Alan Silverman  
38045 Via Fortuna  
Palm Springs, California 92264  
Fax: (619) 320-5901

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 5.3.

Section 5.4. REMEDIES. Any Person having rights under any provision of this Agreement will be entitled to enforce such rights specifically to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. The parties agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and, accordingly, in addition to all other remedies available to any Person having rights under any provision of this Agreement, any such Person may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violation of, the provisions of this Agreement.

Section 5.5. 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 5.6. ENTIRE AGREEMENT. This Agreement amends, restates and supercedes the Original Agreement and constitutes 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. 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 5.7. 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 or agent of the waiving party.

Section 5.8. 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 5.9. 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 5.10. 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 5.11. 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 5.12. 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 5.13. JURISDICTION AND SERVICE OF PROCESS. EACH OF THE STOCKHOLDERS AND THE COMPANY HEREBY CONSENTS 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 MAY BE LITIGATED IN SUCH COURTS. EACH OF THE STOCKHOLDERS AND THE COMPANY ACCEPTS FOR HIMSELF, HERSELF OR ITSELF, AS THE CASE MAY BE, AND IN CONNECTION WITH HIS, HER OR 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. EACH OF THE STOCKHOLDERS AND THE COMPANY 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 HIS, HER OR ITS BEHALF SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY EACH OF THE STOCKHOLDERS AND THE COMPANY 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 HIS, HER OR ITS ADDRESS PROVIDED IN SECTION 5.3 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, EACH OF THE STOCKHOLDERS AND THE COMPANY HEREBY AGREES THAT SERVICE UPON HIM, HER OR 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 A PARTY TO BRING PROCEEDINGS AGAINST A PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

Section 5.14. TRIAL. EACH OF THE STOCKHOLDERS AND THE COMPANY HEREBY WAIVES HIS, HER OR ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF. EACH OF THE STOCKHOLDERS AND THE COMPANY ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE OTHER PARTY. 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 THE STOCKHOLDERS AND THE COMPANY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO THIS AGREEMENT, 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 THE STOCKHOLDERS AND THE COMPANY FURTHER WARRANTS AND REPRESENTS THAT HE OR IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT HE OR IT KNOWINGLY AND VOLUNTARILY WAIVES HIS OR 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. 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 on the date first written above.

THE COMPANY:

TELETECH HOLDINGS INC., a Delaware corporation

By:-----  
Its:

STOCKHOLDERS:

TELETECH INVESTORS GENERAL PARTNERSHIP, an Illinois general partnership

By: ZELL GENERAL PARTNERSHIP, INC. an Illinois corporation  
Its: Managing General Partner

By:-----  
Its:

-----  
SUSAN SILVERMAN

-----  
ALAN SILVERMAN

-----  
JACK SILVERMAN



SCHEDULE A

PREFERRED STOCKHOLDERS

NAME -----	NO. OF SHARES -----
TeleTech Investors General Partnership	1,705,000
Alan Silverman	51,666
Susan Silverman	51,666
Jack Silverman	51,668

Exhibit 4.3

Description of Specimen Common Stock Certificate

Face of Certificate:

The front of specimen common stock certificate (the "Certificate") contains the logo of the Company above the name of the Company and the Company's CUSIP number (879939 10 6). The Certificate is signed by Cheryl Slusarchuk, Secretary of Company, and Kenneth Tuchman, President and Chief Executive Officer of the Company. The Company's corporate seal appears in the middle of the lower edge of the Certificate. The Certificate contains the following language:

This certifies that \_\_\_\_\_ is the holder of \_\_\_\_\_ fully paid and non-assessable shares, par value \$.01 per share, of the Common Stock of TELETECH HOLDINGS, INC. (hereinafter called the "Corporation"), transferable on the books of the Corporation by the holder hereof in person or by his duly authorized Attorney upon surrender of this certificate properly endorsed. This certificate is not valid unless countersigned and registered by the transfer Agent and Registrar. Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Reverse of Certificate:

The reverse of the Certificate contains standard stock transfer instructions.

## EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into as of April 1, 1996, by and between Steven B. Coburn ("Executive") and TeleTech Holdings, Inc., a Delaware corporation (together with its subsidiaries, "Company").

WHEREAS, Company is engaged in the business of, among other things, providing customer care and support services, on a fully outsourced basis or under facilities management agreements, using integrated voice and data communications technology, which services include, without limitation, technical help desk support, pre- and post-sale education, activating product or service upgrades and responding to customer requests for information (the "Business");

WHEREAS, Executive desires the benefit of Executive's continuing services as Chief Financial Officer and Executive desires to continue to be employed on the terms and conditions hereinafter set forth; and

WHEREAS, Executive has had an opportunity to review the terms and conditions of this Agreement, to negotiate the terms hereof and to engage legal counsel on his/her behalf.

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

#### 1. EMPLOYMENT.

1.1 POSITION. Company agrees to continue the employment of Executive on a full-time basis as Chief Financial Officer, and Executive hereby accepts such employment with Company on the terms and subject to the conditions set forth herein.

1.2 TERM. The term of employment under this Agreement shall continue through December 31, 1998 (the "Term").

#### 2. DUTIES.

2.1 GENERAL DUTIES. At all times, Executive shall be subject to the direction and control of Company's Chief Executive Officer ("CEO") and Board of Directors and shall report directly to the CEO until otherwise advised by the Board of Directors at its sole discretion. Executive agrees to perform, in good faith and to the best of Executive's ability, and in the manner and at the times directed by the CEO or the Board of Directors, all of the services required hereunder and otherwise required by the CEO and the Board of Directors, and further agrees to comply with all reasonable directions, requests and requirements of the CEO or the Board of Directors in connection with such work.

3. COMPENSATION.

3.1 BASE SALARY. During the Term, Company shall pay to Executive the sum of \$135,000.00 per year ("Base Salary Amount"), less applicable income tax withholdings and other normal employee payroll deductions. The Base Salary Amount shall be payable in equal bi-weekly installments in accordance with the Company's customary compensation policies.

3.2 ANNUAL INCENTIVE COMPENSATION PLAN.

3.2.1 In addition to Executive's Base Salary Amount, Executive shall be entitled to participate in the TeleTech Incentive Compensation Plan (the "Incentive Plan"), in accordance with and subject to the terms thereof (including any eligibility requirements), as the same may from time-to-time be amended and/or modified. The Incentive Compensation Plan will be made available to Executive as soon as it is completed and approved by Company's Board of Directors or the Compensation Committee thereof.

3.3 BENEFITS.

3.3.1 VACATIONS. During the term of employment under this Agreement, Executive shall be entitled to sick leave, paid holidays and paid vacation consistent with Company's sick leave, holiday and vacation policies for executive employees in existence on the date hereof, or as modified hereafter to the extent that such modification is applicable to all executive employees. Executive will receive three (3) weeks of vacation per year. Executive shall be entitled to accrue and carry forward to succeeding fiscal year(s) an aggregate of one week (I.E., five days) of vacation time that was not used by Executive in any fiscal year; however, Executive shall not take more than four (4) weeks of vacation in any fiscal year. Executive may also elect, at his sole discretion, to cancel any vacation time that is not taken in a given year in return for 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 Based Salary Amount that would otherwise be paid during such vacation time.

3.3.2 OTHER BENEFITS. Subject to the Company's rules, policies and regulations as in effect from time to time (and subject to applicable eligibility requirements, including minimum employment period), Executive shall be entitled to all other rights and benefits for which Executive may be eligible under any group life insurance, disability or accident, death and dismemberment insurance, or medical and/or dental insurance program (after the 90 day waiting period), 401(k) benefit plan, or any other employee benefit which Company may, at its sole discretion, provide to Executive or its executive employees generally; provided, however, that nothing herein shall obligate the Company to establish or

maintain any of such benefits or benefit plans. Company will pay Executive's COBRA for the interim 90 day period.

#### 4. STOCK RIGHTS.

4.1 STOCK BENEFITS. Subject to the terms and conditions of this Agreement and Company's Stock Plan, as hereafter amended and restated (the "Stock Plan"), Executive will be eligible for awards under the Stock Plan, including the specific benefits provided in Section 4.2.

#### 4.2 SPECIFIC BENEFITS.

4.2.1 Subject to the terms and conditions of the Stock Plan, Executive has received or shall receive a Non-qualified Stock Option exercisable for up to 50,000 shares of Company's common stock, par value \$.01 per share (the "Option"). The Option shall vest over the period of five (5) years in accordance with the terms of the Non-qualified Stock Option Agreement, in the form attached hereto as EXHIBIT A, concurrently with the execution of this Agreement. The Option shall be exercisable at an Option Price of \$10.00 per share.

4.3 RESTRICTIONS ON STOCK BENEFITS. No awards shall be made to Executive under the Stock Plan or otherwise unless the Company has determined that any such award complies with applicable state and federal securities and other laws and regulations related thereto. All such Stock Plan benefits shall be subject to Executive signing such option agreements or other instruments that the Company deems to be necessary or appropriate and to such other restrictions as are required by the Stock Plan and/or applicable law.

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

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

5. EXCLUSIVITY OF SERVICES. During the term hereof, Executive's services shall be exclusive to Company during normal working hours and at such other times as may reasonably be required by Company.

Executive may not engage in any other business or investment activities which shall in any manner interfere with Executive's duties to Company hereunder or which may be contrary, adverse or prejudicial to Company's business or in competition with Company.

6. TERMINATION FOR CAUSE. Company may terminate Executive for cause based upon the occurrence of any of the following (each occurrence, "Good Cause"):

6.1 Executive's failure to meet performance levels or management objectives as established by Company from time to time;

6.2 Executive's failure to comply with a lawful directive of any officer of Company to whom Executive reports, or a directive of Company's Board of Directors;

6.3 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;

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

6.5 Executive's inability or failure to perform any of Executive's duties hereunder as a result of Executive's death or as a result of illness or mental or physical disability for 90 days (whether or not consecutive) in any 12 month period or for any 60 consecutive days;

6.6 Any action or inaction on the part of Executive which has a substantial adverse effect on Company or Company's reputation;

6.7 Disclosure or use of trade secrets or confidential information in violation of this Agreement; or

6.8 Any other material violation of this Agreement by Executive.

The reasons set forth above shall not be construed as the exclusive reasons for terminating Executive's employment with Company.

7. TRADE SECRETS AND CONFIDENTIAL INFORMATION. Executive recognizes that Executive will occupy a position of trust with respect to business and technical information of a secret or confidential nature which is the property of Company or any of its affiliates and which will be imparted to him from time to time in the course of the performance of Executive's duties hereunder. Executive acknowledges and agrees that any and all Confidential Information or trade secrets (as defined herein) learned or obtained by Executive during the course of his employment by the

Company or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the property of the Company and its affiliates. Executive agrees that for the Term and thereafter:

7.1 Executive shall not use or disclose directly or indirectly any Confidential Information or Trade Secrets of Company or any of its affiliates to any person, except that Executive may use and disclose to authorized personnel of Company or its affiliates such Confidential Information and Trade Secrets in the course of the performance of Executive's duties hereunder; and

7.2 Executive shall return promptly upon termination of this Agreement or otherwise upon the request of Company any and all copies of any documentation or materials containing any Confidential Information or Trade Secrets of Company or any of its affiliates. All information, know-how and other things devised or created by Executive during the term of employment, solely or jointly with others, which falls within the definition of a Trade Secret, shall belong solely to Company, and Executive promises, upon request of Company, to assign the same to Company and/or to assist Company in obtaining copyright, trademark, and/or trade names thereon.

7.3 "Confidential Information" or "Trade Secrets" of Company or any of its affiliates shall include all information of any nature and in any form which was owned by Company or its affiliates prior to the Term or which is owned by Company or its affiliates 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 Company and its affiliates; 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 or its affiliates; and all other trade secrets and information of a confidential and proprietary nature. WITHOUT IN ANY WAY LIMITING THE FOREGOING, "CONFIDENTIAL INFORMATION" ALSO INCLUDES ALL INFORMATION RELATING TO ANY OPTIONS OR OTHER AWARDS GRANTED TO EXECUTIVE, PURSUANT TO THE STOCK PLAN OR OTHERWISE, INCLUDING THE AMOUNT OF ANY SUCH AWARD, THE EXERCISE PRICE AND THE RATE OF VESTING THEREOF.

7.4 Executive hereby acknowledges that each subsidiary and affiliate of the Company is expressly made a third party beneficiary hereto for purposes of protecting its rights and interests hereunder.

8. NON-COMPETITION. The parties recognize that Executive has been retained in a position considered to be part of the

professional management and executive staff of Company whose duties include the formulation and execution of management policy. Executive, for and in consideration of being permitted access to certain Confidential Information and Trade Secrets of Company, including but not limited to product research and development, customer lists and information, and financial information, such Confidential Information and Trade Secrets having remained under full control of Company and not available to other persons, agrees as follows:

8.1 During the Executive's employment with Company and for two years after termination of Executive's employment for any reason, Executive shall not, 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) that conducts business in the United States.

8.2 During Executive's employment with Company and for two years after termination of Executive's employment for any reason, Executive shall not make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business that conducts business in the United States. 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 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 Executive's duties hereunder and Executive's interest in such investment.

8.3 For the purpose of this Section 8, "Prohibited Business" means any business that is directly or substantially competitive with the Business in the United States, Australia, New Zealand, the United Kingdom or in any other market in which the Company is conducting business at the time Executive's employment with the Company is terminated.

8.4 Upon the termination of Executive's employment with the Company, and for one year thereafter, Executive shall immediately notify the Company of each employment or agency relationship entered into by Executive, and each corporation, proprietorship or other entity formed or used by Executive, the business of which is directly or indirectly, similar to or in competition with the Business. The provisions of this Section 8 shall survive termination of this Agreement for any reason.

8.5 Executive agrees that the restrictions contained in this Section 8 are reasonable as to time and geographic scope because of the nature of the Business and Executive agrees, in particular, that the geographic scope of this restriction is reasonable because



companies in the teleservicing and outsourced customer service industry compete on a nationwide basis. Executive acknowledges that the Company is in direct competition with all other companies that provide teleservicing and other customer services on an outsourced basis throughout the United States, Australia, New Zealand, the United Kingdom and other markets in which the Company may be conducting business at the time Executive's employment with the Company is terminated, and because of the nature of the business, Executive agrees that the covenants contained in this Section 8 cannot reasonably be limited to any smaller geographic area.

#### 9. INVENTIONS.

9.1 For purposes of this Agreement, the term "Invention" or "Inventions" 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, designs or compositions of any kind and/or any matter potentially subject to copyright, patent, trademark, trade secret or other protection developed, made, produced or improved and shall not be limited to the definition of any invention contained in the patent laws of the United States.

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

9.3 Executive agrees to make a full and prompt disclosure in writing, in confidence, to Company, of all Inventions, whether Executive considers them protectable or not, which Executive, alone or with others, conceives or makes, within the scope of this Agreement as well as all patent, copyright, trademark, and/or servicemark applications filed by Executive within one (1) year after termination of Executive's employment. Executive hereby assigns and agrees to assign to Company all of Executive's right, title and interest in and to those Inventions, and Executive agrees not to disclose any of such things to others, without the express consent of Company, except as required by Executive's employment.

9.4 Executive shall, during Executive's employment and after it terminates, at the request of and expense of Company, but without further compensation to Executive, assist Company in obtaining patents, copyrights, trademarks and/or servicemarks on all Inventions deemed protectable by Company in the United States and/or in all foreign countries and shall execute all documents and

do all things necessary to vest Company, or its nominee, with full title thereto and to protect the same against use and/or infringement by others.

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

9.6 Notwithstanding the foregoing, the provisions of this section 9 do not apply to any Invention: (i) for which no equipment, supplies, facilities, or Trade Secrets of Company were used; (ii) which was developed entirely on Executive's own time; and (iii) which does not relate to the business of Company or to Company's actual or demonstrably anticipated research or development or which does not result from any work performed by Executive for Company.

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

11. EMPLOYMENT RELATIONSHIP ONLY. The relationship between Company and Executive 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 Executive and Company (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.

13. AGREEMENT TO ARBITRATE.

13.1 The Company and Executive hereby mutually agree that any disputes that arise between Executive and the Company or any of its officers, directors, stockholders, supervisors, co-employees, agents, partners, subsidiaries, affiliates or successors that cannot be resolved informally shall be decided by submission of the dispute to binding arbitration before a sole neutral arbitrator of the Judicial Arbiters Group ("JAG"), pursuant to the American Arbitration Association ("AAA") Commercial Arbitration Rules governing such proceedings, and not by a lawsuit or by resort to court process, except as specifically set forth below. BOTH

PARTIES ACKNOWLEDGE AND AGREE THAT THEY ARE GIVING UP THEIR RESPECTIVE CONSTITUTIONAL RIGHTS TO HAVE ANY SUCH DISPUTE DECIDED IN A COURT OF LAW BEFORE A JURY, AND INSTEAD ARE ACCEPTING THE USE OF THE ARBITRATION PROCESS.

13.2 SCOPE OF ARBITRATION. Except as specifically excluded herein, this Section 13 applies to any and all disputes, INCLUDING, BY WAY OF EXAMPLE ONLY AND NOT LIMITED TO, disputes regarding termination of Executive's employment; discrimination and unlawful harassment of any kind (including, without limitation, claims arising under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000(e) ET SEQ. and the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, ET SEQ.; the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 ET SEQ.; the Family and Medical Leave Act of 1993, 29 U.S.C. Section 2612 ET SEQ.; and all applicable state and local anti-discrimination laws and constitutional provisions); disputes arising under any other applicable federal, state or local labor statutes, regulations or orders; disputes regarding assault and battery; negligent supervision; defamation; invasion of privacy; wages and overtime; and disputes regarding the formation and enforceability of this Section 13. The following types of disputes are excluded from the scope of coverage of this Section 13: (i) workers' compensation claims by Executive for on-the-job injuries; and (ii) any and all claims by the Company against Executive, including claims for injunctive relief, arising out of Executive's breach or threatened breach of Sections 7, 8, 9 and 10 of this Agreement.

### 13.3 GENERAL RULES AND CONDUCT OF ARBITRATIONS.

13.3.1 RIGHT TO COUNSEL. Either party shall have the right to have counsel represent him/her/it at the arbitration hearing and in pre-arbitration proceedings.

13.3.2 DISCOVERY. The Company and Executive hereby agree that pre-arbitration discovery shall be permitted in accordance with the Federal Rules of Civil Procedure, except that (i) there shall be no limit on the number of depositions that may be noticed by either party, and (ii) in connection with any pre-arbitration disclosure of expert testimony in accordance with Rule 26(a)(2), the timing of the expert disclosure shall be set by the arbitrator.

13.3.3 AUTHORITY OF ARBITRATOR. The arbitrator shall have the authority to (i) resolve any discovery disputes that arise between the parties and to hold conferences by telephone or in person as necessary; (ii) resolve any dispute relating to the interpretation, applicability or enforceability of this Section 13; and (iii) entertain a motion to dismiss and a motion for summary judgment, applying the standards governing such motions under Federal Rule Of Civil Procedure 12(b)(6) and Rule 56. The

arbitrator is required to render his/her decision in writing, with an opinion stating the bases of his/her decision.

13.3.4 TRANSCRIPT. Either party has the right to have a written transcript made of the arbitration proceedings. The transcript shall be paid for by the party requesting it.

13.3.5 BRIEFS. Either party has the right to file a post-arbitration brief, which shall be considered by the arbitrator.

13.4 PAYMENT OF COSTS AND FEES. Each party shall bear its own costs and attorneys' fees incurred in connection with the arbitration. The arbitrator shall have the discretion to award costs to the prevailing party. The arbitrator's fees shall be born equally by the parties. Each party shall post his/her or its portion of the arbitrator's anticipated fee prior to the commencement of the arbitration.

13.5 APPEALS. Either side shall have the right to appeal the arbitrator's decision by applying to a court of competent jurisdiction (as defined herein) for an order vacating the award for any of the reasons set forth in 9 U.S.C. Section 10, or on the basis that the arbitrator has made a mistake of law or fact. The arbitration decision shall stand if it is supported by substantial evidence. Where the parties to the arbitration meet the diversity of citizenship requirements set forth in 28 U.S.C. Section 1332 and the amount in controversy exceeds \$50,000, exclusive of interest and costs, or where the arbitration has decided a federal question as defined in 28 U.C. Section 1331, the court of competent jurisdiction to which the appeal must be made shall the United States court in and for the district wherein the award was made. Where the parties are not diverse and the arbitrator has not decided a federal questions, the court of competent jurisdiction to which the appeal must be made shall the state trial court in and for the district wherein the award is made.

13.6 JURISDICTION FOR NON-ARBITRABLE DISPUTES; SERVICE OF PROCESS. Each of the parties hereto agrees and acknowledges that all actions or proceedings initiated by the Company against Executive and arising directly or indirectly out of Sections 7, 8, 9 and/or 10 of this Agreement are excluded from the arbitration provisions of Section 13. The parties further agree that all such actions that are brought to judicial proceedings shall be litigated in the United States District Court for the district of Colorado or, in the event such court cannot or will not exercise jurisdiction, in the state courts of the State of Colorado (the "Courts"). Each of the parties hereto expressly submits to the jurisdiction and venue of the Courts and consents to process being served in any suit, action or proceeding of the nature referred to above either (i) by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to

his/her or its address as set forth herein or (ii) 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 his/her or its address as set forth herein. Each party hereto agrees that such service, to the fullest extent permitted by law, (A) shall be deemed in every respect effective service of process upon him or it in any such suit, action or proceeding and (B) shall be taken and held to be valid personal service upon and personal delivery to him or it. Each party hereto waives any claim that the Courts are an inconvenient forum or an improper forum based on lack of venue or jurisdiction. Each party shall bear its own costs and attorneys' fees incurred in connection with any such actions or proceedings.

13.7 INJUNCTIVE RELIEF. Executive acknowledges that damages would be an inadequate remedy for Executive's breach of any of the provisions of Sections 7, 8, 9 and/or 10 of this Agreement, and that breach of any of such provision will result in immeasurable and irreparable harm to Company. Therefore, in addition to any other remedy to which the Company may be entitled by reason of Executive's breach or threatened breach of any such provision, the Company shall be entitled to seek and obtain a temporary restraining order, a preliminary and/or permanent injunction, or any other form of equitable relief from any court of competent jurisdiction restraining Executive from committing or continuing any breach of such Sections, without the necessity of posting a bond. It is further agreed that the existence of any claim or cause of action on the part of Executive against the Company, whether arising from this Agreement or otherwise, shall in no way constitute a defense to the enforcement of the provisions of Section 7, 8, 9 or 10 of this Agreement.

### 13. MISCELLANEOUS.

13.1 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: President

With a copy to:

Lonnie C. Blanchard III  
Berman, Blanchard, Mausner, Kindem & Resser  
4727 Wilshire Boulevard, Suite 500  
Los Angeles, California 90010

To Executive:

Steven B. Coburn  
1905 Niagra Street  
Denver, Colorado 80220

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

13.4 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 Company and any such successor or permitted assign shall be deemed substituted for 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 Company.

13.5 ASSIGNMENT. This Agreement is personal to Company and Executive and, except as provided in Section 13.4, may not be assigned by either party without the written consent of the other.

13.6 ENTIRE AGREEMENT/MODIFICATION.

13.6.1 This Agreement constitutes the entire agreement between the parties with respect to all matters, including but not limited to the employment relationship, Executive's compensation, commissions and benefits, any entitlements to stock, stock rights, stock benefits, profits, debt and equity interests in Company or any of its affiliated companies and/or the termination of Executive's employment.

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

13.6.3 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 Executive's relationship with Company 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 benefits, profits, debt and equity interests in Company or any of its affiliated companies or regarding the termination of Executive's employment. In this regard, Executive 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 Company.

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

13.7 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.

13.8 SEVERABILITY. Any provision of this Agreement (or any portion thereof) that 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.

13.9 ATTORNEY FEES. Should any party institute any action or proceeding to enforce any provision of this agreement, or for damages by reason of any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations hereunder, or for any other remedy, the prevailing party shall be entitled to recover attorneys fees and other costs reasonably incurred by the prevailing party in connection with such action or proceeding.

13.10 NO CONFLICT WITH OTHER AGREEMENTS. Executive warrants and represents that (i) Executive has no obligation of confidence

or other commitments to any previous employer or any others that conflict with this Agreement or restrict Executive's field of activities, except those, if any, as set forth on SCHEDULE A hereto, and (ii) no other agreement to which Executive is subject will conflict with, prevent, be breached by, interfere with or in any manner affect the terms and conditions of this Agreement.

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

TELETECH HOLDINGS, INC.

By: /s/ Kenneth Tuchman

-----  
Kenneth D. Tuchman  
Chairman, President and Chief  
Executive Officer

/s/ Steven B. Coburn

-----  
Steven B. Coburn



## AGREEMENT FOR CALL CENTER MANAGEMENT

This Agreement made on October 16, 1995 and effective on October 16, 1995, by and between United Parcel Service General Services Co. a Delaware corporation, on behalf of itself and its affiliates, having its principal place of business at 55 Glenlake Parkway, NE, Atlanta, Georgia 30328 ("UPS") and TeleTech Holdings, Inc., a Delaware corporation, on behalf of itself and its subsidiaries and affiliates, having its principal place of business at 1700 Lincoln Street, 14th Floor, Denver, Colorado 80203 ("TI") is for in-bound teleservices and services ancillary thereto.

WHEREAS, TI is in the business of providing in-bound teleservices on behalf of its clients; and

WHEREAS, UPS provides services and/or goods which require in-bound teleservices; and

WHEREAS, pursuant to the terms and conditions set forth below and in the Attachments hereto, UPS desires to engage TI to perform in-bound teleservices on its behalf and TI desires to accept such engagement;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

## SECTION 1 - SCOPE OF WORK

## A. Services

During the Term (as hereinafter defined), TI shall perform the Services (as hereinafter defined) pursuant to the requirements set forth on Attachment A hereto. For purposes of this Agreement, "Services" shall mean the receipt and handling by TI employees functioning as customer service representatives, administrative support employees and package information associates ("CSRs") of telephone calls initiated by third parties for the purpose of responding to UPS' marketing of certain services and/or products or otherwise communicating with UPS. Attachment A consists of "UPS' Explanation and Requirements" and such other documents as the parties shall agree and initial. TI shall be solely responsible for all personnel related matters and expenses thereof regarding the rendition of Services, including but not limited, to employment, hiring, training except as otherwise provided herein, attendance, quantity and quality of work, discipline and termination of employment. From time to time hereafter, TI and UPS may mutually agree upon additional services to be performed by TI or modifications to the requirements set forth in this Agreement and on Attachment A. Any such additional services or modified requirements shall be approved in writing

and thereafter all references in this Agreement to Services shall be deemed to include such additional services or modified requirements.

TI will interview, test, conduct criminal and employment references background checks, select and hire personnel to perform services at the Centers as hereafter defined. Drug testing is not required.

TI will supply and maintain photocopiers, facsimile machines, TI letterhead stationery supplies and mail room equipment (excluding the cost of postage). UPS will be responsible for supplying and maintaining all other equipment required for use in the operation of the Call Centers as hereinafter defined, including, but not limited to stationery supplies, printing supplies, office supplies, janitorial supplies, facilities and other types of equipment. UPS management will not counsel or discipline any TI employees.

B. TI's Responsibilities

1. TI shall provide to UPS the services as defined in Attachment A and as set forth below. In addition, TI shall be responsible at its expense to provide a temporary employment facility at each center city location at each site during the ramp up period.
2. TI will work in good faith with UPS to re-engineer the services and functions described in Attachment A hereto that are related to UPS' operations and to decrease the costs to UPS for those services and functions.
3. TI shall utilize the applications systems utilized by UPS at the UPS call centers as of the effective date of this Agreement, and shall, in conjunction and cooperation with UPS, develop and execute a plan to ensure a smooth interface between the TI call centers and UPS' other operations, including the UPS call centers.
4. TI shall assign a TI employee as Site Manager for each TI call center. The TI Site Manager shall coordinate the delivery of Services with those performed at UPS' call centers and shall provide a single point of contact for UPS' Site Manager. The TI Site Manager also shall coordinate scripting with the UPS Site Manager; accept requirements for new programs and changes to existing programs; coordinate implementation of new programs and changes to existing programs; deliver to UPS the information described below; coordinate site visits by UPS personnel, and generally oversee TI's performance of Services pursuant to this Agreement.
5. TI shall create a call center organization consistent with the workforce model as defined in the Attachments hereto. TI will staff the call centers with trained employees who will provide customer service support for UPS programs set forth

in the Attachments hereto, and any other programs which UPS establishes which will be supported by the TI call center.

6. TI shall, together with UPS, establish and utilize a document change control process with respect to the Services to be provided by TI under this Agreement. New programs and all changes to programs, systems, methods and procedures supported or used by TI at the TI call centers shall be implemented in accordance with such change control process. From time to time, TI may, in accordance with the change control process, upgrade or enhance systems, methods and procedures to improve the efficiency and effectiveness of the TI call centers.
7. TI shall adopt the problem escalation and resolution procedures used by UPS. TI and UPS may mutually agree to modify such procedures in accordance with the change control process.
8. TI shall cooperate with UPS' reasonable requests in connection with any periodic performance, operational and quality control reviews performed by UPS. Such cooperation shall include providing UPS with information and explaining TI's procedures and operations, as reasonably requested by UPS.
9. TI shall monitor the performance of the TI employees using call monitoring systems and procedures. TI shall conduct all monitoring in compliance with federal, state and local laws and regulations. TI may enhance monitoring practices and frequency requirements to facilitate the achievement of quality standards. TI shall provide monitoring statistics to UPS as hereinafter provided. TI shall provide additional ad-hoc monitoring statistics to UPS as reasonably requested by UPS. UPS shall have the option to participate in the monitoring process on a scheduled basis, subject to applicable federal, state and local laws and regulations.
10. TI agrees that its performance of the Services will meet or exceed each of the applicable UPS requirements herein. In the event TI's performance of the Services fails to meet the applicable UPS requirements, UPS may seek all remedies available to it in law or equity, except as otherwise provided in this Agreement. In any event, TI will use its best efforts to the extent commercially reasonable under the circumstances to meet or exceed all UPS requirements.
11. If requested by UPS, TI agrees to use commercially reasonable efforts to keep the technology utilized in providing the Services to UPS at a level that is comparable with the level of technological advancement generally attained in the CSR industry. Should TI be unable to maintain such level of technological advancement because of limitations in UPS-provided technology and/or equipment, and provided TI provides UPS with notice of the effect of such limitations, TI will be relieved of this obligation to the extent UPS refuses to upgrade its technology and/or equipment.

12. Periodically, as appropriate, the parties will review the UPS requirements and, if mutually agreed by the parties, such requirements will be adjusted to reflect appropriate changes in circumstances, including without limitation, being made more stringent to reflect improved performance capabilities associated with advances in the technology and methods used generally to perform similar services.
  13. TI will provide UPS with reasonable daily reports in a mutually agreed upon format as required by UPS to maintain service, call volumes, staffing hours, quality monitoring, process improvement and other reports needed to monitor performance against UPS requirements under this Agreement and its Attachments. TI will provide UPS with a monthly performance report, in a form and with content mutually established by the parties, documenting TI's performance with respect to the UPS requirements. In addition, TI will provide UPS with such other documentation and other information as may be reasonably requested by UPS from time to time in order to verify that TI's performance of the Services is in compliance with the applicable UPS requirements.
  14. TI will use commercially reasonable efforts to efficiently use resources to perform the Services in accordance with the applicable UPS requirements. Where appropriate, such efficient use shall include without limitation (i) making schedule adjustments (consistent with UPS' priorities and schedules for the Services), (ii) delaying the performance of non-critical functions within established limits, and (iii) tuning or optimizing the systems used to perform the Services. Once every twelve (12) months during the term of this Agreement, TI will permit an industry consultant selected and paid for by UPS and acceptable to TI, which acceptance shall not be unreasonably withheld, to review TI's operating practices and procedures with respect to resource utilization in connection with the performance of the Services during the prior year to determine whether TI is exercising reasonable procedures to control the resources utilized in providing the Services. The industry consultant shall issue a written report to the parties setting forth its findings, conclusions and recommendations for changes in TI's practices. The parties will review the industry consultant's report and work together in good faith to mutually agree on any appropriate adjustments to TI's operating practices and procedures.
- C. UPS' Responsibilities
1. UPS shall supply the TI Site Manager, with general forecasting data related to programs supported by the TI call centers, to assist the TI Site Manager in workforce planning.
  2. UPS shall provide TI with access to UPS' systems applicable to the UPS programs being supported by TI hereunder. UPS shall be responsible for maintaining and

enhancing such UPS systems. UPS shall promptly provide to TI access to all maintenance of and enhancements to such UPS systems made by UPS.

3. UPS shall have the right to conduct reasonable periodic performance, operational and quality control reviews of TI's performance under this Agreement, provided that UPS shall provide no direct supervision of TI's call centers. Such reviews shall be performed during business hours and may include visits to TI call centers for verification of Service quality levels and other activities reasonably related to obtaining information for quality control review purposes. UPS shall schedule such reviews with TI in advance.
4. UPS shall provide to TI UPS' current tracking and reporting systems for the UPS call center, and make available for consultation with TI the UPS personnel responsible for such reporting. UPS also shall provide to TI all available UPS documentation with respect to UPS' problem escalation and resolution procedures as described herein.
5. UPS shall, together with TI, establish and utilize a documented change control process with respect to the Services to be provided by TI under this Agreement.
6. UPS shall obtain and maintain all licenses, franchises, privileges, permits, consents, exemptions, certificates, registrations, orders, approvals, authorizations and similar documents and instruments that are required by any federal, state and local laws and regulations applicable to call centers and other operations under this Agreement.

D. Centers

Except as expressly set forth herein, TI shall perform the Services at the following locations now owned, or leased, or to be leased, by UPS:

1. Greenville
2. Tucson
3. Tampa

(collectively referred to as the "Centers" or "Call Centers"). UPS shall be solely responsible for and shall bear all costs and expenses with regard to the acquisition and/or leasing of the Centers, the maintenance of the Centers' structural components (including but not limited to foundation, walls, windows, parking areas, pipes, roofs, conduit, HVAC, mechanical, plumbing and electrical systems), repair and maintenance of the Centers, including maintenance of external grounds and parking, external lighting, obligations under the occupational Safety and Health Act (OSHA) and other similar laws applicable to it, the provision, acquisition, leasing and maintenance of all computer hardware, telecommunications

equipment, and computer and telecommunications software (other than Work Product and TI Property, defined below in Section 25), and all employees or independent contractors of UPS fulfilling such responsibilities except TI, and shall indemnify and defend TI against all claims with respect thereto. During the term, UPS covenants that the Centers shall be maintained and kept in good order, condition and repair, conducive to the efficient performance by CSR's of their duties. Except as provided herein, UPS shall be solely responsible for and shall bear all costs and expenses with regard to facilities maintenance, and UPS-provided computer hardware, software and equipment required in the efficient performance of the Services (including but not limited to enhancements or add-ons thereto), telecommunication and usage charges, and reasonable support of training herein to the extent otherwise agreed to herein. TI shall be solely responsible for and shall bear all expenses incurred in the rendition of the Services at the Centers (as herein defined) with respect to (i) wages and benefits of TI's employees, (ii) contracting for food services at the Centers, (iii) photocopiers, (iv) facsimile machines, postage mailing equipment, and meter equipment (excluding the cost of postage), (v) existing proprietary computer software utilized by TI solely in connection with its proprietary processes used by TI in the rendition of the Services, (vi) trash or refuse removal from Centers and (vii) prevention of property damage to the Centers and other UPS property, except to the extent of UPS' negligence. TI shall be entitled to erect exterior and interior signage and banners solely in accordance with UPS' prior written authorization.

E. Commencement of Services

TI shall commence hiring and training of CSR's and commence the operation of Services at each Center as provided below:

	Date of Commencement of Administrative Training	Date of Commencement of Services
	-----	-----
Greenville Center	March 11, 1996	April 4, 1996
Tucson Center	March 11, 1996	April 4, 1996
Tampa Center	May 6, 1996	June 3, 1996

By no less than [\*\*\*\*\*] prior written notice delivered to TI, UPS shall be entitled to delay the date of commencement of training at any Center [\*\*\*\*\*] provided, that UPS shall pay to TI

-----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

[\*\*\*\*\*]an amount equal to [\*\*\*\*\*] incurred by TI during such [\*\*\*\*\*] delay in connection with the Services to be rendered hereunder. In addition, if the requirement of an orderly transition requires additional time due to unexpected circumstances, the parties shall meet and discuss in good faith both the additional time and extra cost involved, with the goal of minimizing TI's unavoidable costs and UPS' expense for such additional delays.

F. Attrition

Upon review of the termination experience (voluntary or involuntary) for CSR's for the initial ninety (90) day and the initial one hundred and eighty (180) day periods of delivery of Services for each Center, UPS and TI shall jointly establish an acceptable annual CSR turnover percentage (the Attrition Percentage") (i.e., a threshold percentage reflecting an acceptable percentage of all CSR's hired to render Services whose employment terminated in a given twelve (12) month period). [\*\*\*\*\*] For purposes of this Agreement, the term "Year" shall mean the twelve (12) month period beginning on the date of commencement of Services at a Center or on any anniversary thereof.

SECTION 2 - TERM

A. Term

Subject to extension or termination as provided herein, the term of this Agreement shall commence on the day hereof and shall continue until June 1, 2001 (the "Term").

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

B. Extension of Term

The Term may be extended by mutual written agreement for successive four (4) year periods (each an "Additional Term") if:

1. TI meets or exceeds the service standards set forth in Attachment A hereto in the rendition of the Services; or
2. At the discretion of UPS ("Discretionary Extension"), which decision shall be communicated in writing to TI no less than six (6) months prior to the end of the Term or applicable Additional Term.

For purposes of this Section, the term "meets or exceeds the service standards" shall be determined with regard to the rendition of Services on a monthly average during the Measurement Period (as hereinafter defined). For purposes hereof, the term "Measurement Period" shall mean that period commencing six (6) months after commencement of the Term and ending one (1) year before expiration of the Term or, with respect to each Additional Term, the period commencing one (1) year before expiration of such Additional Term.

SECTION 3 - RATES AND INVOICES

A. Base Rate

UPS agrees to pay TI for the Services as follows:

1. TI will invoice UPS [\*\*\*\*\*] for Services to be rendered during the [\*\*\*\*\*] invoice date and UPS shall pay TI [\*\*\*\*\*] the invoice date, for the Services performed at the rate of [\*\*\*\*\*] ("Base Rate") for each hour of wages estimated to be earned by all hourly administrative TI employees (including administrative and clerical support), exclusive of supervisory level employees, at the Centers.  
 [\*\*\*\*\*]  
 [\*\*\*\*\*] There is no extra charge for supervisory-level employees.  
 [\*\*\*\*\*]  
 [\*\*\*\*\*]  
 [\*\*\*\*\*]  
 [\*\*\*\*\*]

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.





\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*]

B. [\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*] If any unforeseen event, circumstance or condition or any combination thereof first occurring after the date of execution of this Agreement that (i) is not occasioned by or resulting from the actions of TI or any employee thereof, and (ii) reasonably is expected to continue for a period exceeding six (6) months ("Adverse Event") shall adversely increase the cost to TI of performing services at a Center by more than [\*\*\*\*\*] of its prior documented budget costs (excluding government mandated cost increases or decreases, for which the parties agree the Base Rate shall automatically be adjusted to so reflect), TI shall be entitled to request an adjustment to the Base Rate by written notice delivered to UPS at least [\*\*\*\*\*] prior to the proposed date of adjustment. TI shall have the burden of demonstrating its entitlement to such adjustment, and to that end, TI shall deliver to UPS with its request such documentation, detailed records, pricing and financial information and other data as shall verify the existence of such Adverse Event and TI's increased costs resulting therefrom; provided, however, that such request shall in any event be subject to UPS' right to audit TI's submissions during [\*\*\*\*\*] by itself or through outside auditors. If, at the end of the [\*\*\*\*\*] period, UPS and TI have not agreed to an adjusted Base Rate, then, notwithstanding anything in this Agreement to the contrary, TI may terminate this Agreement at that Center [\*\*\*\*\*  
\*\*\*\*\*] Any termination will be in compliance with the termination assistance provisions herein.

SECTION 4 - NOTICE OF DELAY

In the event of an actual or potential delay in TI's performance under this Agreement, TI shall immediately notify the UPS Site Manager by either fax or telephone, whichever is quicker, describing the cause, effect and expected duration of such delay

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

or failure and thereafter shall immediately give notice to the UPS Site Manager of all changes to such conditions.

SECTION 5 - COVER

In the event of any delay or failure of TI in performing hereunder arising from any cause, UPS may obtain like services elsewhere for the duration of such delay or failure without liability to TI, including liability for minimum payments to TI for such period.

SECTION 6 - DISPUTED INVOICED AMOUNTS

If UPS in good faith questions any item(s) in any invoice, the following procedures will apply: UPS may withhold the disputed amount; UPS will notify TI of the dispute in writing [\*\*\*\*\*], stating with specificity the reasons for the dispute and the parties will work in good faith to resolve the dispute [\*\*\*\*\*] the date of the invoice. Adjustments will be made on the next invoice immediately following resolution. If the dispute cannot be resolved [\*\*\*\*\*], then, upon proper notice by TI to UPS as required in Section 32, either party can move directly to binding arbitration, as set out in Section 38 without going through the internal dispute resolution process outlined in Section 37. UPS' willful breach of the payment provisions in this Agreement will nullify, at TI's discretion, the necessity of the dispute process(es) contained in this Agreement.

TI shall provide UPS with such documentation and other written information with respect to each invoice as may be reasonably requested by UPS to verify that TI's charges to UPS are accurate, correct and valid and are in accordance with the provisions of this Agreement.

TI shall submit [\*\*\*\*] invoices to the UPS site manager at each Center.

SECTION 7 - TAXES

A.  
TI shall be solely responsible for taxes (including penalties and interest) levied, assessed or imposed on TI, based upon TI's gross receipts or net income or taxes imposed on TI, for the privilege of doing business or exercising a franchise.

B.  
UPS shall be solely responsible for paying any and all taxes, excises, duties and assessments in the nature of sales, use or similar taxes arising out of or related to its in-bound teleservices.

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

C.  
TI shall collect from UPS (as part of the prices charged under this Agreement) and pay any applicable taxes where such collection and payment by TI is required by law. All such taxes shall be separately stated on TI's invoices. TI and UPS shall cooperate in the preparation and filing of any tax returns. Any penalties or interest associated with the failure upon the part of TI to timely collect or pay any tax shall be the responsibility of TI unless such failure was caused by UPS' direction or UPS' failure to pay tax to TI in accordance with this section.

D.  
In the case where a tax has been paid to a state other than the state in which the in-bound teleservices were performed or delivered, TI shall cooperate with UPS in determining the amount of any credit against any applicable tax.

E.  
In its sole discretion and at its own expense, UPS has the right, either before or after payment of any tax, to contest the validity or application of such tax submitted by TI for payment by UPS. Upon the written request of UPS, TI shall fully cooperate with UPS in contesting or protesting the validity or application of any such tax (including, but not limited to, permitting UPS to proceed in TI's name if required or permitted by law, provided, in each case, that such contest does not involve, or can be separated from, the contest of any tax or issues unrelated to transactions described in this Agreement). UPS shall also have the right to participate in any contest conducted by TI with respect to a tax or other charge indemnifiable under this section, including without limitation, the right to attend conferences with the taxing authority and the right to review submissions to the taxing authority or any court to the extent such contest does not involve, or can be separated from, the contest of any tax or issues unrelated to the transactions described in this Agreement. In the event TI shall receive a refund of all or any part of such tax which UPS has paid and discharged, the amount of such refund shall promptly be remitted to UPS by TI.

F.  
UPS shall be entitled to the benefit of any new jobs tax credit, enterprise zone tax credit, capital investment tax credit, or any other similar type of tax credit earned pursuant to this Agreement. In the event the state law allowing for such tax credit provides that TI is the recipient of such tax credit, TI shall pass on the tax credit benefit to UPS in the form of a reduction in the amount of TI's invoice. Under this provision, TI is deemed to receive benefit of the tax credit on the earlier of the due date of TI's return or estimated payment following the reasonable determination of a credit amount. TI's next invoice will be reduced by the amount of the credit. Tax credit computations and invoice reductions are subject to verification by UPS.

SECTION 8 - CUSTOMER RELATIONS

In all contacts with UPS customers or callers (herein referred to collectively as "Customers") TI shall identify itself as "United Parcel Service" or "UPS." At no time will TI provide a vendor identification.

SECTION 9 - WARRANTY; LIMITATION OF WARRANTY; LIABILITY AND LIMITATION OF LIABILITY

- A. TI warrants to UPS that (1) TI shall perform all Services in a good and professional manner and in accordance with the Agreement and Attachments, or any other applicable mutually agreed upon written specifications, and TI has the legal right to perform all TI Services.
- B. TI further warrants that neither TI proprietary software, nor that which it creates as Work Product hereunder which it shall employ to render Services herein shall infringe any United States copyright, patent, trademark or any other third party intellectual property rights, unless such infringement is caused solely by the combination, modification, enhancement or alteration by UPS or at UPS' specific written instruction. In the event of an infringement claim, TI may, at its option and at its expense, either (1) defend such claim with competent counsel of its choosing; (2) procure the right to continue using such software to provide the Services; or (3) substitute for such hardware or software, other software which performs the same functions without any material loss of speed or functionality.
- C. UPS warrants that neither UPS proprietary hardware or software it supplies to TI to render Services hereunder, nor any modifications, enhancements, alterations or combinations to third party hardware or software UPS performs or performed, creates or created, or requires TI to perform or create upon written instructions, shall infringe upon any United States copyright, patent, trademark or any other third party intellectual property rights unless such infringement is caused solely by the combination, modification, enhancement or alteration of such hardware or software by TI without instruction from UPS. In the event of an infringement claim, UPS may, at its option and at its expense, either (1) defend such claim with competent counsel of its choosing; (2) procure the right to continue using such hardware or software to provide the Services; or (3) substitute for such hardware or software, other hardware or software which performs the same functions without any material loss of speed or functionality.
- D. Except for the foregoing warranties, and such additional warranties as shall be expressly set forth herein, or in one or more Attachments hereto, neither party

makes any other warranty of any kind, express or implied, for the Services, equipment, facilities or data furnished hereunder or under any Attachment hereto. EACH PARTY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TI will pass through to UPS for UPS' benefit, any manufacturers' or other third party warranties which TI is permitted to pass through to UPS under TI's agreements with such manufacturers and third parties.

E.

This Section shall survive termination or expiration of this Agreement.

#### SECTION 10 - TI STAFFING

A.

UPS shall have the right to require that TI employees or agents who do not perform in accordance with the standards or UPS requirements in the Agreement above, shall be promptly retrained as necessary, and that employees or agents who flagrantly or repeatedly violate such standards or UPS requirements shall be removed immediately from all performance under this Agreement.

B.

If TI determines that UPS concerns are reasonable and well founded, TI will replace that employee with a person of suitable ability and qualifications. Nothing in this provision shall be deemed to give UPS the right to require TI to terminate any TI employee's employment; it is intended to give UPS only the right to request that TI discontinue using an employee in the performance of the Services.

#### SECTION 11 - COOPERATION WITH UPS AUDITS

TI will provide such UPS auditors and inspectors as UPS may designate in writing upon reasonable notice with reasonable access to the TI's facilities at which TI is performing the Services, to TI's personnel, to UPS' existing data and work product and to that being developed by TI hereunder at such facilities, and to reasonable related documentation for the purpose of performing, at UPS' expense, those audits and inspections of TI's business reasonably requested by UPS, including without limitation, to the extent applicable to the TI's Services, audits of (i) software use practices and procedures, (ii) application and operating systems, (iii) general controls and security practices and procedures, (iv) general call monitoring, performance and procedures and (v) disaster recovery and back-up procedures.

## SECTION 12 - SITE MANAGERS

All operational issues relating to the Services performed pursuant to this Agreement shall be conducted exclusively between UPS' Site Manager(s) and TI's Site Manager(s).

## SECTION 13 - PERSONNEL

Before assigning an individual to serve as the TI Site Manager having primary responsibility for performance of the Services, whether as an initial assignment or as a replacement, TI will notify UPS of the proposed assignment, will introduce the individual to the appropriate UPS Site Manager and will provide the UPS Site Manager with a resume and any other information about the individual reasonably requested by UPS. If, after being notified thereof, UPS reasonably and in good faith objects to the proposed assignment within five (5) working days, then TI will not assign the individual to that position and will propose to UPS the assignment of another individual of suitable ability and qualifications. Nothing in this provision shall be deemed to give UPS the right to require TI to hire or terminate TI employee's employment; it is intended to give UPS the right to request that TI discontinue using an employee in the performance of the Services.

## SECTION 14 - PERFORMANCE REVIEW

A designated representative of TI and a designated representative of UPS will meet as often as shall reasonably be requested by either party hereto to review the performance of the parties under this Agreement. Each party shall bear its own costs and expenses incurred in connection with such review.

## SECTION 15 - INDEMNITY

TI shall at all times be deemed to be performing as an independent contractor and not as an agent or employee of UPS. Each party ("Indemnifying Party") to this Agreement agrees to indemnify, protect and hold the other party and its directors, officers and employees, agents, shareholders, partners, representatives (collectively, "Indemnified Parties") harmless from and against any and all claims (including, but not limited to losses, judgments, damages, settlements and expenses (including reasonable investigation expenses and reasonable attorneys' fees), for those actions to the extent they result from (i) the negligence or willful misconduct of the Indemnifying Party, including but not limited to third party claims for injury or death to persons, including Indemnifying Party's employees, or damage to property or business entities, and (ii) claims that such Indemnifying Party's product, including hardware, software or any combination thereof, constitutes an infringement of a United States patent, copyright, trade secret or other intellectual property right of any third party. In addition, UPS, as the Indemnifying Party,

shall indemnify, defend and hold the Indemnified Parties harmless from and against any losses incurred by or imposed or asserted against TI or other Indemnified Party in connection with (i) UPS' failure or alleged failure to provide services or products to customers, (ii) any alleged defect or deficiency in any products or services provided by UPS to customers, (iii) any "script" or other written or oral presentations furnished by UPS to TI or approved in writing by UPS for use by TI, (iv) any action taken by TI at the written request or upon the written instructions of UPS, and (v) building toxicity or so-called "sick building" syndrome(s). The indemnity set forth in this Section and the limitation of liability set forth in the following Section hereof shall survive the expiration or termination of the Term or Additional Term of this Agreement.

SECTION 16 - LIMITATION OF LIABILITY

A. Neither Party shall be liable to the other for:

1. failure or delay in rendering performance arising out of the following causes: Acts of God or the public enemy, wars, fires, floods, epidemics, quarantine, restrictions, or unusually severe weather and similar events. Dates or times of performance shall be extended to the extent of delays excused by this Section, provided that the party whose performance is affected notifies the other party promptly of the existence and nature of such delay.
2. special, indirect, incidental or consequential damages, including without limitation damages for lost opportunities, even if such damages were foreseeable or result from a breach of this Agreement;

B. TI shall not have any liability to an Indemnified Party to the extent that such liability arises as a result of failure of UPS to fulfill its obligations hereunder.

C. TI is responsible to provide in writing to the UPS Site Manager a memo outlining how UPS has not fulfilled its responsibilities under this Agreement [\*\*\*\*\*]. In the event TI does not issue this memo, then UPS is conclusively deemed to have fulfilled its responsibilities. [\*\*\*\*\*]. Failing resolution by

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.



such methodology, the dispute shall be subject to the Arbitration provisions of this Agreement.

D. Notwithstanding anything in this Agreement to the contrary, the parties acknowledge and agree that Teletech shall be entitled to recover, as a measure of general damages,  
[\*\*\*\*\*  
\*\*\*\*\*]  
\*\*\*\*\*]

E. [\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*]

SECTION 17 - INSURANCE

TI shall, at its own cost and expense, obtain and maintain in full force and effect, with sound and reputable insurers, during the term of this Agreement, the following insurance coverages: (a) Workers' Compensation insurance as required by the law of the state of hire; (b) Employer's Liability Insurance with minimum limits of \$1,000,000 of liability, and not less than \$1,000,000 aggregate limit of liability per policy year for disease, including death at any time resulting therefrom, not caused by accident; (c) Comprehensive General Liability insurance against all hazards with a minimum limit of liability for personal injury, including death resulting therefrom, on an occurrence basis of \$10,000,000 in the aggregate, and with a minimum limit of liability for property damage on an occurrence basis of \$10,000,000 in the aggregate; (d) Automobile Liability insurance against liability arising from the maintenance or use of all owned, non-owned and hired automobiles and trucks with a minimum limit of liability for bodily injury of \$5,000,000 in the aggregate, and with a minimum limit of liability for property damage of \$5,000,000 per accident; (e) Fire Legal Liability Insurance of \$1,000,000 and (f) Crime Insurance, including at a minimum fidelity coverage, computer theft and fraud covered with a minimum of \$5,000,000. TI's insurance shall be deemed primary. TI shall provide UPS with certificates of insurance evidencing the coverages required hereunder within ten (10) days after execution of this Agreement and prior to commencement of operations. Each policy required hereunder shall name UPS as an additional insured and shall provide that UPS shall receive thirty (30) days' advance written notice in the event of a cancellation or material change in such policy. In the event that any Service under this Agreement is to be rendered by persons other

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

than TI's employees, TI's insurance shall cover such persons under the same terms and conditions.

#### SECTION 18 - TAX AND TRAINING INCENTIVES

Subject to applicable law, and so long as UPS is in compliance with the terms of this Agreement, TI will reasonably cooperate with UPS to allow UPS to be eligible to receive available tax and training incentives based upon TI's performance of Services and the employ of employees by TI therefor.

#### SECTION 19 - FORCE MAJEURE

If either party to this Agreement shall be prevented, hindered, or delayed in the performance or observance of any of its obligations hereunder by reason of any circumstance as defined in Section 16.A.1, above, and such delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the party through the use of alternate sources, work-around plans, or other means, then such party shall be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay. TI as the affected party shall not have the right to any additional payments from UPS as a result of any force majeure occurrence, nor shall UPS as the affected party have the right to any additional material Services from TI not encompassed by this Agreement. The affected party shall immediately notify the other by telephone and confirm in writing within five (5) days of such call describing with specificity the reasons for such delay. If TI is the affected party and UPS is thus prevented from conducting a significant portion of UPS' normal business operations at any Center for seven (7) days after notification, despite the parties' best efforts, then, at any time thereafter and until such time as TI is able to resume or so arrange for acceptable alternative performance, UPS may suspend this Agreement at that Center and seek alternative performance until such time as TI is able to continue. Any such suspension by UPS shall be without penalty or termination charges and shall be effective as of a date specified by UPS in a written notice of termination to TI. If either party is unable to perform at any Center under this Agreement due to force majeure causes for a period of sixty (60) days, then the other party may terminate this Agreement in whole or in part and such termination shall be considered for the convenience and benefit of both parties.

SECTION 20 - CONFIDENTIALITY

A. In connection with the performance of the services, UPS may furnish TI with [\*\*\*\*\*]. UPS shall retain all rights in and to [\*\*\*\*\*] provided by UPS to TI in addition to any information relating to [\*\*\*] developed by TI in the course of its performance of the Services. Further, UPS may, in its sole discretion, disclose to TI or TI may become aware of certain of its other confidential and proprietary information used in connection with UPS' business. All such material is hereinafter called "UPS Proprietary Information." UPS shall retain all rights in and to the UPS Proprietary Information. TI agrees to maintain the UPS Proprietary Information in confidence with the same degree of care TI uses to protect its own information of like nature, but no less than a reasonable degree of care, and to refrain from the use of such information or the disclosure of such information to third parties without UPS' prior written consent. TI will instruct its personnel assigned to work on UPS' premises that they do not remove any of UPS' documents or other UPS materials and they do not disclose, discuss, or publish, without prior written consent from UPS, any Proprietary Information to any unauthorized person outside the premises. This obligation to protect UPS Proprietary Information shall continue for a period of three (3) years after the termination or expiration of this Agreement.

B. In connection with the performance of the Services, TI may, in its sole discretion, disclose to UPS or UPS may become aware of certain confidential and proprietary information used in connection with TI's business ("TI Proprietary Information"). TI shall retain all rights in and to the TI Proprietary Information and UPS agrees to maintain all such information in confidence with the same degree of care UPS uses to protect its own information of like nature, but no less than a reasonable degree of care, and to refrain from the use of such information or the disclosure of such information to third parties without TI's prior written consent. This obligation to protect TI Proprietary Information shall continue for a period of three (3) years after the termination or expiration of this Agreement.

C. TI Proprietary Information and UPS Proprietary Information are sometimes referred to as "Proprietary Information."

D. "Proprietary Information" shall also mean all [\*\*\*\*\*]

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*], as well as all other  
information provided to one party to this Agreement by the other party  
orally or in writing which is identified as confidential prior to  
disclosure or delivery to the recipient, and all information and matters  
which constitute trade secrets of the disclosing party, all of which are  
hereby agreed to be the property of and confidential to the owner and  
discloser of Proprietary Information.

- E. The parties acknowledge that compliance with the covenants set forth in this Section 20 are necessary to protect the business, good will and Proprietary Information of the other party and that a breach of these restrictions will irreparably, irrevocably and continually damage the other party in a manner for which money damages may not be adequate. Consequently, each party agrees that in the event that it breaches or threatens to breach any of these covenants, the other party shall be entitled to both (i) a temporary, preliminary and permanent injunction in order to prevent the continuation of such harm, and (ii) money damages insofar as they can be determined. Nothing in this Agreement, however, shall be construed to prohibit either party from also pursuing any other remedy available at law, in equity or otherwise, the parties having agreed that all remedies shall be cumulative.
- F. The provisions of this Section 20 shall not apply to any information which (i) belongs to the recipient party, (ii) is already known by the recipient party without an obligation of confidentiality other than under this Agreement, (iii) is publicly known or becomes publicly known through no unauthorized act of the recipient party, (iv) is rightfully received from a third party, (v) is independently developed by the recipient party without use of the disclosing party's Proprietary Information, or (vi) is required to be disclosed pursuant to a requirement of a governmental agency or law of the United States or a state thereof or any governmental or applicable subdivision thereof or any court of law, so long as the party required to disclose the information provides the other party with timely prior notice of such requirement and cooperates with such other party at its expense in any attempt by such other party to obtain a protective order regarding such information.
- G. Each party shall (a) notify the other party promptly of any material unauthorized possession, use or knowledge, or attempt thereof, of the other party's Proprietary

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

Information by any person or entity which may become known to such party, (b) promptly furnish to the other party full details of the unauthorized possession, use or knowledge, or attempt thereof, and assist the other party in investigating or preventing the reoccurrence of any unauthorized possession, use or knowledge thereof of Proprietary Information, (c) use reasonable efforts to cooperate with the other party in any litigation or investigation against third parties deemed necessary by the other party to protect its Proprietary Information and (d) promptly use all reasonable efforts to prevent a reoccurrence of any unauthorized possession, use or knowledge of Proprietary Information. Each party shall bear the cost it incurs as a result of such compliance.

- H. With respect to the Proprietary Information, each party shall (i) not provide or make available the Proprietary Information of the other party in any form to any people other than those of its employees who have a need to know consistent with the scope of services to be performed under this Agreement; (ii) not provide the Proprietary Information of the other party, except for use reasonably necessary in the performance of the services hereunder; (iii) not exploit or use the Proprietary Information of the other party, except as permitted by this Agreement; and (iv) return all Proprietary Information of the other party which is in written or graphic form and any copies thereof in its possession or control upon the request of the other party.
- I. At the request of either party, the other shall have each of its employees assigned to perform the Services execute a nondisclosure agreement in a form mutually acceptable to UPS and TI.
- J. The provision of this Section 20 shall survive the expiration or termination of this Agreement.

SECTION 21 - MISCELLANEOUS CONFIDENTIALITY REQUIREMENTS

- A. Until the expiration or termination of this Agreement, and for a period of [\*\*\*\*\*], except as expressly provided herein, or with the written consent of the other party, neither UPS nor TI will solicit or cause any third party to solicit any employee of the other or make such other contact with any such employee, the product of which contact which will or may yield the termination of the employment relationship of such employee from such party, except as set out in Section 34, below.

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

- B. Until such expiration or termination date of this Agreement, TI will not engage in the performance of services similar to the Services on behalf of any parcel delivery company, including but not limited to [\*\*\*\*\*], unless it can be demonstrated to UPS in its reasonable judgment acting in good faith that there is no reasonable probability that its Proprietary Information can be used to benefit its competitors.
- C. Unless the written consent of UPS shall first be obtained, TI shall not at any time, notwithstanding the expiration of the term or the termination of this Agreement, in any manner advertise or publish or release for publication any statement mentioning UPS or the fact that TI is furnishing or has furnished or agreed to furnish services to UPS.
- D. The provision of this Section 21 shall survive the termination or expiration of this Agreement.

SECTION 22 - KEY TI PERSONNEL

The parties agree that [\*\*\*\*\*] are critical to TI's successful performance of this Agreement and are key persons of TI ("Key Person" or "Key Personnel"). TI agrees that it will assign each Key Person to the performance of this Agreement during its term. If because of termination, incapacitation or resignation any Key Person becomes unavailable for the performance of this Agreement, TI agrees to replace each such Key Person with a person of equal or better qualifications. TI agrees to provide a new Key Person in the same method as it provides a Site Manager herein (see Section 1.B.4).

SECTION 23 - LAWS AND REGULATIONS

TI agrees that it will comply with all laws and regulations applicable to TI's employees and telemarketing, including but not limited to the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Rehabilitation Act of 1973, the Immigration Reform and Control Act of 1986, the Americans with Disabilities Act of 1990, the Occupational Safety and Health Act (OSHA), the affirmative action responsibilities to comply with the office

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

of Federal Contract Compliance Program (OFCCP) Guidelines and such other employment laws which may be enacted during the life of this Agreement, and other similar laws in effect or hereinafter enacted dealing with TI's workforce. In performing Services and without limiting the generality of the foregoing, TI shall also comply with any and all rules and regulations promulgated pursuant to the Telemarketing and Consumer Fraud Prevention Act of 1994. UPS will be responsible for the cost of implementing all necessary Americans With Disabilities Act (ADA) reasonable accommodations to facilities. Regarding equipment, UPS will be responsible for providing all equipment necessary to comply with the ADA up to an aggregate value of five thousand dollars (\$5,000.00) per Center.

SECTION 24 - SECURITY FOR THE CENTERS

Except to the extent of UPS' obligations hereunder, TI will be responsible for safe-guarding the work area, [\*\*\*\*\*] and providing a safe working environment, investigating security breaches and taking all satisfactory remedial steps. [\*\*\*\*\*] TI will also be responsible to properly safeguard all equipment and related materials. This is to include UPS proprietary software, other UPS proprietary information and documents, and/or other related systems, phone/communications lines, and use or access thereof which could cause loss to UPS. In the instance where equipment is owned by UPS, TI will ensure all equipment is inventoried and signed for by TI's authorized representative upon installation and acceptance. At anytime thereafter, TI retains responsibility and liability for any equipment that is removed, exchanged, or modified, until such time that equipment is signed for by an authorized UPS representative releasing TI of liability. TI is required to maintain a current equipment inventory listing subject to UPS audit at any time. TI's liability will include, but not be limited to, the replacement cost of any missing equipment or materials and/or loss due to misuse or unauthorized access or use of any materials, equipment or systems. UPS personnel at all times will comply with TI's rules at the Centers.

SECTION 25 - PROPERTY AND PROPRIETARY RIGHTS

A. All work produced by TI under this Agreement, including, without limitation, all inventions, creations, expressions, improvements, computer programs, specifications, operating instructions and all other documentation, whether patentable or unpatentable, which are first conceived or made or first actually or

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

constructively reduced to practice during the life of this Agreement or within six (6) months following the expiration or cancellation hereof, and which are conceived or made in response to matters related to the Services or based in whole or in part on or derived from information supplied by UPS or its Affiliated Companies, whether preliminary or final, and on whatever media rendered (collectively, the "Work Product"), shall be deemed work made for hire and made in the course of services rendered under this Agreement and shall be the exclusive property of UPS. UPS shall have the unlimited right to make, have made, use, reconstruct, repair, modify, reproduce, publish, distribute and sell the Work Product, in whole or in part, or combine the Work Product with other matter, or not use the Work Product at all, as it sees fit

[\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*]

Prior to providing services under this Agreement pursuant to any Work Order, TI shall identify to UPS in writing any technology, information, computer programs or other documentation owned by or licensed to TI prior to the commencement of such services which will be useful or necessary to the Work Product ("TI Property").

In consideration of UPS' payment to TI of amounts specified herein under this Agreement, and to the extent that title to any such Work Product may not, by operation of law, vest in UPS, or such Work Product may not be considered to be work made for hire, TI hereby (i) irrevocably transfers and assigns to UPS in perpetuity all worldwide right, title and interest in and to the patent rights, copyrights, trade secrets and other proprietary rights (including, without limitation, applications for registration thereof, and all priority rights therein under applicable international conventions for the protection of such rights) in, and ownership of, the Work Product that TI may have, as and when such rights arise, (ii) grants to UPS an unrestricted, irrevocable, nonexclusive, fully paid up, perpetual license, with the right to sublicense, in and to TI's proprietary rights to the TI Property integrated into and required for use in connection with the Work Product, and further agrees that other UPS outsourcing vendors may use these enhanced systems

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.



on UPS projects without paying a royalty. Nothing herein shall be interpreted as granting any license or right in TI stand-alone Property or in TI third party Property.

- B. TI shall cooperate fully in (i) vesting in UPS the ownership of the proprietary rights to the Work Product, and (ii) assisting UPS, at UPS' expense, in obtaining patent, copyright or any other intellectual property rights in the Work Product and in maintaining and protecting UPS' proprietary rights, including, without limitation, executing any documents which UPS reasonably deems necessary for such purpose.
- C. TI warrants that Work Product will perform in accordance with mutually agreed-upon previously established specifications for the term of this Agreement; provided, however, that such warranty shall specifically exclude any failure of Work Product caused by enhancements, modifications, alterations or combinations made by UPS or a third party to Work Product, or to any UPS software that performs in conjunction with Work Product. TI SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- D. Any TI-developed enhancements, modifications, additional porting, alterations or other changes to Work Product that: (i) are not a result of TI's compliance with Section 1.B.10 or Section 25.C., above, or Section 41, below; and (ii) are requested by UPS or agreed upon by UPS prior to development, shall be performed by TI at prices, terms and conditions as may be mutually agreed upon by the parties.
- E. Title to all materials and documentation furnished by UPS to TI, including, without limitation, system specifications, shall remain in UPS. TI shall deliver to UPS any and all such Work Product and property, including all copies thereof on whatever media rendered, upon (i) UPS' request; (ii) completion of any Work Order, and (iii) the termination of this Agreement for any reason.
- F. Each Party shall be free to use the residuals resulting from any work developed pursuant to this Agreement that is owned by the other party, and any ideas, concepts, know-how or techniques contained therein, for any purpose, except to prepare any other work substantially similar to such work. For purposes of the foregoing, the term "residuals" means information in non-tangible form that is retained as mental impressions by individuals having access to the work. Neither party shall have an obligation to pay royalties for any work resulting from such residuals.

SECTION 26 - UPS REPRESENTATIONS AND WARRANTIES

UPS represents and warrants to TI as follows:

- A. The execution, delivery and performance of this Agreement by UPS and the performance by UPS of the transactions contemplated hereby have been duly and validly authorized by all necessary action, corporate or otherwise on its part, and that this Agreement constitutes the valid, legal and binding obligation of UPS, enforceable against it in accordance with its terms.
- B. Neither the execution, delivery nor performance of this Agreement with or without the giving of notice, the passage time or both will result in the violation or breach of any contract, agreement, instrument, undertaking, order, judgment, decree, rule, regulation, law or any other restriction to which UPS is a party or pursuant to which UPS or its assets are subject or otherwise.
- C. No consent, approval or other action by or a notice to or filing with any person is required or necessary in connection with the execution, delivery and performance of this Agreement by UPS.

SECTION 27 - TI'S REPRESENTATIONS AND WARRANTIES

TI represents and warrants to UPS as follows:

- A. The execution, delivery and performance of this Agreement by TI and the performance by TI of the transactions contemplated hereby have been duly and validly authorized by all necessary action, corporate or otherwise on its part, and that this Agreement constitutes the valid, legal and binding obligation of TI, enforceable against it in accordance with its terms.
- B. NEITHER the execution, delivery nor performance of this Agreement, with or without the giving of notice, the passage time or both, will result in the violation or breach of any contract, agreement, instrument, undertaking, order, judgment, decree, rule, regulation, law or any other restriction to which TI is a party or pursuant to which TI or its assets are subject or otherwise.
- C. No consent, approval or other action by or a notice to or filing with any person is required or necessary in connection with the execution, delivery and performance of this Agreement by TI.

SECTION 28 - REVIEW AND REVISION OF UPS REQUIREMENTS

Periodically, as appropriate, the parties will review the UPS requirements in this Agreement and, if mutually agreed by the parties, such standards will be adjusted to

reflect appropriate changes in circumstances, including without limitation being (i) made more stringent to reflect improved performance capabilities associated with advances in the technology and methods used generally to perform similar services, or (ii) made less stringent to reflect service or resource reductions requested or approved in writing by UPS.

SECTION 29 - VERIFICATION OF COMPLIANCE

TI will provide UPS with a monthly performance report, in a form and with content mutually established by the parties, documenting TI's performance with respect to the UPS requirements herein. In addition, TI will provide UPS with such documentation and other information as may be reasonably requested by UPS from time to time in order to verify that TI's performance of the Services is in compliance with the applicable UPS requirements.

SECTION 30 - TERMINATION FOR CHANGED LAWS

Either party shall have the right to terminate this Agreement, without liability to the other, in the event of judicial, regulatory or legislative change rendering performance of this Agreement impossible or illegal. Each party shall provide the other with written notice of such termination as promptly as possible, but in no event less than sixty (60) days prior to the termination date.

SECTION 31 - TERMINATION FOR CAUSE

In the event that either party hereto (i) materially breaches any of its duties or obligations hereunder (except for a breach of UPS' payment obligations hereunder), which breach shall not be substantially cured within [\*\*\*\*\*] after written notice is given to the breaching party specifying the breach, or (ii) commits a material breach in the performance of any of its duties or obligations hereunder which cannot reasonably be cured within [\*\*\*\*\*] and fails to proceed promptly after being given written notice specifying the breach to commence curing said breach and thereafter to proceed with all due diligence to substantially cure the same, or (iii) repeatedly breaches any of its duties or obligations hereunder and fails to substantially cure and cease committing such repeated breaches within [\*\*\*\*\*] after being given written notice specifying the breach, then the party not in breach may, by giving written notice thereof to the breaching party, terminate this Agreement as of a date specified in such notice of termination, and pursue whatever remedies it has under this Agreement, at law or in equity.

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

SECTION 32 - TERMINATION FOR NONPAYMENT

In the event that UPS breaches its obligation to pay to TI any amount due to TI hereunder and does not cure such breach within [\*\*\*\*\*], then TI may, by giving written notice thereof to UPS, terminate this Agreement as of a date specified in such notice of termination. Notwithstanding the foregoing, TI may not terminate this Agreement pursuant to this Section for UPS' failure to pay to TI any amount that is reasonably disputed by UPS in good faith so long as UPS complies with the terms of Section 6, above, and pursue whatever remedies it has under this Agreement, at law or in equity.

SECTION 33 - TERMINATION FOR INSOLVENCY OR FOR FINANCIAL DIFFICULTY

In the event that either party hereto is unable to pay its debts generally as they come due or is declared insolvent or bankrupt, is the subject of any proceedings relating to its liquidation, insolvency or for the appointment of a receiver or similar officer for it, makes an assignment for the benefit of all or substantially all of its creditors, or enters into an agreement for the composition, extension, or readjustment of all or substantially all of its obligations, then the other party hereto may, by giving written notice thereof to such party, terminate this Agreement as of a date specified in such notice of termination. In the event either party undergoes substantial financial difficulties prior to commencement of operations of the first Center hereunder, the party not experiencing financial difficulties shall have the right [\*\*\*\*\*]If such party is unable to obtain such a bond [\*\*\*\*\*] the requesting party shall have the option to terminate this Agreement [\*\*\*\*\*]

SECTION 34 - TERMINATION ASSISTANCE

A. Commencing upon any notice of termination by either party pursuant to above Sections hereof or upon expiration of the Term or Additional Term of this Agreement, TI will provide to UPS or its designee any and all termination assistance reasonably requested by UPS to allow the Services to continue without interruption or adverse effect and to facilitate the orderly transfer of responsibility for the Services to UPS or its designee. Should termination be initiated by TI for UPS' non-payment (other than non-payment pursuant to Section 6, above), UPS acknowledges and agrees that it will resume all payment for Services that TI

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

continues to provide during the transition period and for all termination assistance. If and to the extent that such assistance is provided prior to the termination date, TI will provide termination assistance at the Base Rate. If and to the extent that such assistance is provided after the termination date or otherwise requires resources in addition to those resources then being regularly utilized in the performance of the Services, UPS will pay TI for such assistance on a time and materials basis at reasonable negotiated rates therefor or on any other mutually acceptable basis. The termination assistance to be provided to UPS by TI shall include, without limitation, the following:

1. Continuing to perform, for a reasonable period following the termination date, any or all of the Services then being performed by TI.
2. Developing, with the assistance of UPS, a plan for the transition of operations from TI to UPS or its designee, which plan shall include, to the extent requested by UPS and not inconsistent with the provisions of this Agreement.
3. Providing training for personnel of UPS and its designee in the performance of the operations then being transitioned to UPS or its designee.
4. Entering into licensing arrangements with UPS or its designee, for any application software and processes (including all updates, enhancements, improvements and modifications thereto) then being utilized by TI in performing the Services, together with such other operating software as is necessary to operate such application software and related documentation, data base management systems, data and technical information. Any license granted to UPS pursuant to this Section, at a minimum, (i) will contain terms and conditions that are reasonably satisfactory to TI; (ii) will contain license fees agreed upon as reasonable by a mutually selected third party under confidentiality restrictions reasonably satisfactory to TI; (iii) will provide to UPS the right to use the software to process UPS' own internal work (including work required to support the provision of this CSR product and services to outsource companies); and (iv) will give UPS the right to sublicense to third parties for the performance thereof so long as each third party having access to the software provides to TI written assurances in a form and substance reasonably satisfactory to TI, that such third party will maintain at all times the confidentiality of the software and will not use the software for any purpose other than the limited purpose of processing the internal work of UPS. Any dispute regarding reasonableness under subsections (i) and (ii), above, shall be subject to the provisions of Section 38, below. Notwithstanding anything herein to the contrary, TI will be excused from granting the above-described licenses to UPS should UPS be held to have breached this Agreement under Sections 31 or 32 as a result of an arbitration required under Section 38 hereunder.

5. Making available to UPS or its designee, pursuant to mutually acceptable terms and conditions, any equipment owned or leased by TI that TI is required to provide under this Agreement. UPS or its designee may purchase any such equipment owned by TI at TI's then current book value and may assume TI's rights and obligations with respect to any such equipment leased by TI, but in no event less than any remaining outstanding loan on the equipment, provided that the equipment shall not be financed for greater than its fair market value.
  
6. Making available to UPS or its designee, pursuant to mutually acceptable terms and conditions, any third party services then being utilized by TI in the performance of the Services.
  
7. Allowing UPS or its designee to make offers of employment to all CSR's and call center supervisors. For a period of [\*\*\*\*\*] following the termination or expiration of this Agreement, should UPS desire to solicit and/or offer employment to any TI manager, it may do so only upon TI's prior written consent, which TI may withhold in its sole discretion. In addition, and for the same period of time, UPS shall not knowingly solicit and hire, without TI's prior written consent, [\*\*\*\*\*]  
 Should UPS breach this clause, it shall pay to TI an amount equal to [\*\*\*\*\*], which the parties acknowledge shall constitute a reasonable estimate of TI's actual damages that cannot be fixed, and is not a penalty.
  
- B. Prior to providing any of the foregoing termination assistance to UPS or its designee, TI shall be entitled to receive from such designee, in form and substance reasonably acceptable to TI, written assurances that (i) such designee will maintain at all times the confidentiality of any TI proprietary information, software or materials disclosed or provided to, or learned by such designee in connection therewith, and (ii) such designee will use such information, software or materials exclusively for purposes for which UPS is authorized to use such information, software or materials pursuant to this Agreement. In the event this Agreement is terminated by TI pursuant to Sections 31 or 32, above, UPS will pay TI [\*\*\*\*\*] and as a condition to TI's obligation to provide termination assistance to UPS or its designee, an amount equal to TI's reasonable estimate of the reasonable amount payable to TI for such termination assistance for that month. [\*\*\*\*\*]  
 \*\*\*\*\*  
 \*\*\*\*\*

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

\*\*\*\*\*] This shall survive termination or expiration of this Agreement.

SECTION 35 - THIRD PARTY SOFTWARE

TI will obtain UPS' approval prior to implementing any third party software, and related documentation, database management systems, data and technical information, in the performance of the Services which TI will not be able to license to UPS or its designee upon termination of this Agreement as contemplated herein, unless TI will be able to provide UPS with an alternative that will permit UPS or its designee to continue to perform the applicable Systems and Services after termination of this Agreement without degradation of performance levels or reduction in functionality.

SECTION 36 - INDEPENDENT CONTRACTOR

TI shall act at all times as an independent contractor, and nothing contained herein shall be construed to create the relationship of principal and agent, or employer and employee, between TI and UPS. TI employees assigned to perform the Services for UPS are solely the employees of TI. TI shall have sole authority and responsibility to counsel, discipline, review, evaluate, set the pay rates of, and terminate its employees who perform the Services. TI will maintain all necessary payroll and personnel records, and compute wages and withhold applicable federal, state and local taxes and social security payments for TI personnel performing the Services.

SECTION 37 - DISPUTE RESOLUTION

In the event any material dispute exists between the parties, including without limitation any dispute relating to the interpretation of this Agreement, or performance or non-performance hereunder, then each party will appoint a designated executive management representative who does not devote substantially all of his or her time to performance under this Agreement to resolve such dispute. Such representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding relating thereto within thirty (30) days. The parties hereby waive the expiration of any applicable statute of limitations during such thirty (30) day period. Except where clearly prevented by the nature of the dispute, both parties agree to continue performing their respective obligations under this Agreement during such thirty (30) days or for as long as the parties may mutually agree, unless and until this Agreement expires or is terminated in accordance herewith. This provision shall not preclude either party from seeking immediate relief such as a

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

preliminary injunction, temporary restraining order, or declaratory proceeding. In addition, this provision shall not apply in the event of willful breach by either party.

SECTION 38 - ARBITRATION

In the event a dispute cannot be resolved through the procedure outlined in Section 37, above, the parties agree that all remaining disputes which may arise under, out of, or in connection with the Agreement will be settled by arbitration conducted in [\*\*\*\*\*] in accordance with the rules of the American Arbitration Association (AAA) as modified herein: [\*\*\*\*\*]; the arbitrator shall not award punitive damages or multiply the award pursuant to any statute that doubles, trebles or otherwise increases damages and that forms the basis of any claim; [\*\*\*\*\*]. The losing party shall be required to pay the reasonable legal fees and costs of the prevailing party as determined by the arbitrator(s).

SECTION 39 - LOGOS AND TRADEMARKS

Neither party will use the other's trademark in any employment advertisements placed to solicit the employment of CSR's or otherwise. Without the other party's prior written approval, neither party shall use the other's logo or trademarks in any internal or external written communication.

SECTION 40 - REGULAR EXECUTIVE REVIEWS

Quarterly, during the Term, representatives of TI and UPS shall meet for review of the status of matters contemplated by this Agreement, including but not limited to service performance, quality performance, status of transition, enhancement to Services (as set forth in Section 1 hereof) and quality improvement processes.

SECTION 41 - GAIN SHARING INCENTIVES

[\*\*\*\*\*]

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.



\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

SECTION 42 - HOLIDAY OBSERVANCE

At least one Center shall be operational each day of the year. Within thirty (30) days prior to each of New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day, UPS shall advise TI of anticipated Service volumes for such dates and TI shall accordingly staff the Centers to reflect such needs. UPS shall pay to TI an amount equal to one hundred fifty two and five tenths percent (152.5%) of the Base Rate (as adjusted from time to time) for all CSR hours worked during the six (6) holidays set forth herein.

SECTION 43 - OVERTIME

If TI becomes responsible to run a UPS authorized six (6) day operations Center or a seven day a week by twenty four hour a day operations Center, then TI will manage the CSR schedule in such a way as to avoid overtime. If, on the other hand, a circumstance arises such that UPS requests and authorizes a sixth day of operations in a Center that normally does not operate on a six day schedule, then UPS [\*\*\*\*\*  
\*\*\*\*\*]

SECTION 44 - PURCHASE OF TRAINING PROGRAM

UPS shall perform, or cause others to perform, an administrative and management training program, as more fully described in the Attachment hereto, at each Center on

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

such date or date(s) as may be agreed between UPS and TI, but in the absence of any other agreement, for management training, commencing [\*\*\*\*\*] prior to the commencement of the rendition of Services at a Center and for administrative training, commencing [\*\*\*\*\*] prior to the commencement of the rendition of Services at a Center. TI shall [\*\*\*\*\*] in consideration of the performance of the administrative and management training program. TI agrees to assume all instructional costs of training at its own expense after a period of [\*\*\*\*\*] from the opening of each Center.

SECTION 45 - CERTAIN EMPLOYMENT REQUIREMENTS

TI shall develop its own CSR screening, testing and hiring process to be implemented at each Center; prior to the implementation of such process, TI shall review applicable processes currently maintained by UPS.

SECTION 46 - NO JOINT VENTURE

The relationship of TI and UPS hereunder shall in no way be construed to create a joint venture or partnership, it being agreed and understood the relationship between TI and UPS is an independent contractor relationship.

SECTION 47 - NOTICES

All notices or requests required to be given under this Agreement and all other communications related to this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or sent by UPS Next Day Air Letter, or via United States Postal Service express mail in the event of a UPS work stoppage, addressed as follows: If to UPS, United Parcel Service, 55 Glenlake Parkway, NE, Atlanta, Georgia 30328, Attention: Raymond Vorbeck, and if to TI, TeleTech Holdings, Inc., 1700 Lincoln Street, Denver, Colorado 80203-4514, Attention: Kenneth Tuchman, President. Either party may change its address, or the name or title of the individual to whom notices shall be directed by written notice issued and delivered as set forth above.

SECTION 48 - FIRST RIGHT OF REFUSAL

If, during this Agreement, UPS decides to open an eighth domestic call center for the express purpose of customer service, customer care, teleservicing or the like, it shall award TI the contract for the management of such center under the same terms and

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

conditions as contained herein; provided, however, that if the nature of the Services to be provided at such center differ significantly from the Services to be provided hereunder, UPS and TI will negotiate in good faith for a period not to exceed sixty (60) days new pricing, terms and conditions.

SECTION 49 - GENERAL PROVISIONS

- A. This Agreement sets forth the entire understanding of the parties hereto and supersedes all prior oral and written agreements between the parties relative to the subject matter hereof and merges all prior and contemporaneous discussions between them. Neither party shall be bound by any condition, representation, warranty, covenant or provision other than as expressly stated in or contemplated by this Agreement unless hereafter set forth in a written instrument executed by such party. The parties to this Agreement may, by mutual written consent executed by them, amend, modify or supplement this Agreement.
- B. The terms, covenants, representations and warranties of this Agreement may be waived only by a written instrument executed by the party waiving compliance. The failure of either party at any time to require performance of any provision hereof shall, in no manner, affect the right at a later date to enforce the same. No waiver by either party of any breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such breach or the breach of any other term, covenant, representation or warranty of this Agreement.
- C. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The duties and obligations under this Agreement may not be assigned or delegated by either party without the written consent thereto of the other party, except that UPS may assign this Agreement to one of its Affiliated Companies. Any assignment in contradiction of this clause shall be void.
- D. In the event that there is a change of control in the ownership of TI, TI will provide UPS with at least [\*\*\*\*\*] prior written notice and all information regarding said change (with appropriate confidentiality restrictions, as applicable) as may be reasonably requested by UPS. UPS shall have the option to terminate this Agreement without penalty upon ninety days prior written notice if [\*\*\*\*\*]

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*]  
\*\*\*\*\*

- E. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Further, in the event that any provision of this Agreement shall be held to be invalid, illegal or unenforceable by virtue of its scope or period of time, but may be made enforceable by a limitation thereof, such provision shall be deemed to be amended to the minimum extent necessary to render it valid, legal and enforceable.
- F. The Agreement may be executed in any number of counterparts, and each counterpart shall constitute an original instrument, but all such separate counterparts shall constitute one and the same agreement.
- G. This Agreement shall be construed in accordance with the laws of the State of Georgia.
- H. Both parties shall keep the existence and the terms of this Agreement confidential in accordance with Section 20, above.
- I. Any terms hereunder that, by their very nature, would survive the termination or expiration of this Agreement shall so survive.

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

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

TELETECH HOLDINGS, INC.

UNITED PARCEL SERVICE GENERAL SERVICES CO.

By: /s/ Kenneth Tuchman  
-----  
Kenneth D. Tuchman

By: /s/ John Alden  
-----  
John Alden

Its: President and Chief  
Executive Officer

Its: Vice President

Attachment A  
to  
UPS/TI Teleservices Contract  
"UPS Explanation and Requirements

PARAGRAPHS  
-----  
3.0 - 3.3  
4.0 - 4.4  
5.0 - 5.5  
6.0 - 6.8  
9.1 - 9.7  
10.0 - 10.12

Initial

UPS \_\_\_\_\_  
TI \_\_\_\_\_

### 3.0 UPS SERVICE AND BUSINESS FUNCTIONS

#### 3.1 CUSTOMER SERVICE TELEPHONE CENTER

The Customer Service Telephone Center is the point of contact for all UPS customers. Our present total call volume is approximately [\*\*\*\*\*]. From Thanksgiving through the end of December the calls increase up to [\*\*\*\*\*] per day. These calls include one-time pickups, damage inquiries, complaints, service questions and general information. A properly trained CSTC employee handles approximately [\*\*\*\*\*] calls per hour.

#### 3.2 DELIVERY INFORMATION

Delivery Information is a department within UPS that is responsible for providing UPS customers with package shipment information services and being responsive to customers' changing needs. Our [\*\*\*\*\*] Departments handle approximately [\*\*\*\*\*] inquiries per day regarding missing packages, consignee inspections and denial of signature deliveries. During the month of January, the inquiries increase up to [\*\*\*\*\*] per day.

#### 3.3 SUMMARY

These functions operate with information systems that allow the representatives to provide quick, complete answers in response to customers inquiries on rates and shipping, package tracking or enhanced tracing, claim information and other services provided by UPS.

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

#### 4.0 UPS BUSINESS REQUIREMENTS

##### 4.1 UPS ROLE

UPS intends to own or lease and maintain the call center facilities, all equipment and leasehold improvements as well as systems, applications, processes and procedures. UPS management personnel are planned to be staffed on-site to support the operation.

Proposed UPS staffing will consist of a site manager, quality coordinators, system coordinators and facility coordinators. Present plans call for approximately [\*\*\*\*\*] permanent UPS management at each site. UPS will provide temporary staffing for job content expertise at the start-up of each new site.

##### 4.2 DELIVERY INFORMATION SYSTEMS AND RESOURCES

The following UPS systems and resources will be utilized for Delivery Information:

- Package Claim System
- Overgoods
- On-Line Inquiry
- Dial Database
- On-Line Payout
- Non-DIAD Records
- Total Tract
- Tracer Information Processing System
- Package Center Exception System
- Package Center Information System
- Loss and Damage Files

##### 4.3 CUSTOMER SERVICE TELEPHONE SYSTEMS AND RESOURCES

The following UPS systems and resources will be utilized for Customer Service:

- Total Tract
- Service Center Locator
- Billing Inquiry
- On-Line Inquiry
- Sales Information
- Precall Planning System
- Customer Service Telephone System
- Customer Resource Information System
- On-Line request for Information
- Automated Label Order System

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.



#### 4.4 VENDOR ROLE

The Vendor will be responsible for:

- Staffing, managing and training the service provider positions
- Meeting pre-determined quality standards of UPS
- Offering a competitive wage and benefit package sufficient to enhance recruitment and retain qualified employees
- Providing Tele-Service Systems recommendations and solutions to business needs

Other vendor responsibilities include, but are not limited to:

- |  |                           |
|--|---------------------------|
| - Recruitment and Selection process              | - Training and retraining |
| - Benefits administration                        | - Payroll administration  |
| - Employee Retention                             | - Discipline              |
| - Daily supervision                              | - Counseling              |
| - Employee recognition                           | - Performance reviews     |
| - Termination                                    | - ISO 9000 Standards      |
| - Health and Safety/OSHA compliance              |                           |
| - Compliance with all applicable employment laws |                           |

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

## 5.0 OBJECTIVES, GOALS AND BENEFITS

### 5.1 UPS OBJECTIVE

It is UPS's objective to significantly reduce its current expenditures for the Customer Service Telephone Centers and Delivery Information Departments. However, as a result of this procurement, UPS will not accept a reduction from its current service levels and quality. UPS is interested in obtaining services of equal or better quality relative to current functions and service levels.

### 5.2 QUALITY STANDARDS

UPS expects the vendor employees to provide excellent quality to UPS customers. To ensure this, the vendor should consider implementation of a quality incentive program.

Quality measurement is required to ensure UPS customers receive quality responses in all communications and business dealings with vendor employees representing UPS. Our goals are to provide the customer with a service representative who listens actively, questions effectively and develops and delivers business solutions. Quality measurement allows each site to monitor the effectiveness of its training and enables development of on-going training that addresses specific areas for improvement. Measurement provides specific opportunities to review the effectiveness of established initiatives affecting customer perception. Measures of total quality are customer-oriented not internally-oriented.

Vendors will submit their own detailed quality control program. UPS will periodically audit the vendor on the quality elements and advise or make adjustments that may be needed.

### 5.3 TRAINING

All management and administrative employees must receive high-quality, hands-on training. UPS, in conjunction with an outside vendor, has developed an extensive training program for the call center employees. We will request the vendor to bid on the training services and programs that UPS has developed. The training program is as follows:

#### 5.4 MANAGEMENT TRAINING

Management will complete a five-week course covering values, objectives, roles, teamwork, diversity, quality, coaching, performance and other pertinent information, plus an additional three weeks of systems training as described in the administrative training below. A complete listing of course content is attached in section 9.0.

UPS will provide one trainer for each class that will be no larger than 18 people. This service will be included in the vendor purchase of training programs as described above.

Management training will require vendor management to participate in an eight week training session in Atlanta, GA. The vendor is responsible for all wags, temporary living expenses, and travel cost during this training period.

#### 5.5 ADMINISTRATIVE TRAINING

Administrative employees will complete a three-week course covering UPS background and services, communications skills, system skills, phone/professional skills and other pertinent information. A complete listing of course content is attached. The training classes will be held at the new sites and would be run with twelve UPS trainers conducting four classes simultaneously. There will be three trainers per class with no more than 18 students per class. Each candidate will be tested throughout the training and again at the end of the three weeks. They must successfully complete the training and certification to provide services for UPS. It is the intention of UPS to transfer responsibility for this training to the vendor after a suitable transition period.

6.0 SCOPE OF THE BID PACKAGE

6.1 INTENTION

The intent of this request for proposal (RFP) is to set forth the specifications, requirements, general information and to solicit a detailed response from selected vendors that shall include proposed cost, quality and service descriptions.

This RFP is not a complete understanding and does not contain all matter upon which an agreement must be reached. As a consequence, this RFP and UPS acceptance of a proposal does not impose legal obligation on the part of, or bind, UPS.

All vendors participating in this RFP process will be notified of bid acceptance or rejection. UPS reserves the right not to disclose reasons for rejection.

6.2 QUALITY AND PERFORMANCE INDICES

All quality and performance elements are to be tracked on a daily basis and reported on an average monthly, quarterly and yearly basis.

6.3 OVERALL OPERATION

ABSENTEEISM	MINIMUM ACCEPTABLE REQUIREMENT [**]
TARDINESS	MINIMUM ACCEPTABLE REQUIREMENT [**]
TURNOVER	[*****]

6.4 CUSTOMER SERVICE TELEPHONE CENTER

SPEED OF ANSWER	MINIMUM ACCEPTABLE REQUIREMENT [*****]
-----------------	--

Speed of answer is the time it takes for our customers call to be answered by a representative, after the call has been seized by the telephone switch.

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

CALLS PER HOUR TARGET GOAL [\*\*\*\*\*]

This element is a performance measure that will assist the management team to have the proper staffing in order to meet the service levels in a cost efficient manner.

PERCENT AVAILABLE MINIMUM ACCEPTABLE REQUIREMENT [\*\*\*]

Any time spent waiting for a call, or on an inbound call, minus any time spent in the unavailable mode or after call work mode, divided by total paid hours. the mark is based on 2.5 hours break per week, 2 hours training per week, 1/2 hour pre work communication meetings per week and 1 hour of personal time per week.

CALLS ABANDONED/TOTAL CALLS HANDLED MINIMUM ACCEPTABLE REQUIREMENT (【\*\*])

The difference between the number of calls offered and the number of calls answered. The percent of calls abandoned would be the actual number of calls abandoned divided by total calls answered.

SERVICE OBSERVATION RATINGS [\*\*\*\*\*]

Observing a minimum of ten calls per employee and rating the employee on elements such as speaking and listening skills, sales and conflict resolution.

TOTAL SERVICE OBSERVATIONS COMPLETED [\*\*\*\*\*]

To continue to strive for quality service observations are performed to ensure the employees are representing UPS and upholding our commitment to quality.

HALF HOUR SEGMENTS OVER [\*\*\*\*\*] TARGET GOAL TO BE DETERMINED (ASA) Average speed of answer

The average speed of answer should not exceed [\*\*\*] seconds during the operation and is measured in half hour increments. The purpose is to staff by each half hour to maintain high levels of service for our customers during all periods throughout the day.

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

6.5 DELIVERY INFORMATION

PERCENT DAY ONE                      TARGET GOAL [\*\*\*]

The goal is to close as many package inquiries as possible on the same day they are received. However, there may be exceptions. An example would be an inquiry on a package received prior to the scheduled delivery date. This would require the inquiry to be held open until the delivery is completed.

PERCENT DAY TWO                      TARGET GOAL [\*\*\*]

Inquiries that carry over from the previous day are considered to be Day Two inquiries. These inquiries may have been entered into the system after the D.I. department closed, or are inquiries that are still pending a delivery.

INQUIRIES OPEN OVER SEVEN DAYS      MINIMUM ACCEPTABLE REQUIREMENT [\*\*] OF INBOUND

The total number of inquiries that have not been closed by the seventh business day. These inquiries may still be open if there have not been enough days to check for delivery or exceptions may require further investigation to determine the status of the delivery.

PERCENT OF SECOND REQUEST            TARGET GOAL [\*\*] OF INBOUND INQUIRIES

Second request inquiries may be due to no response being received by the inquiring party, or the first inquiry was received with incorrect or incomplete information.

CALL QUALITY                            TARGET GOAL [\*\*\*] EFFECTIVE

Observing an employee's phone technique to ensure all necessary qualities are present, i.e. communication skills, professionalism and courtesy. The employee is rated on how well he/she performs on the call quality elements.

PRIORITY INQUIRY TRACE                TARGET GOAL [\*\*\*\*] WITHIN COMMITTED TIME SERVICE FAILURES                      FRAME

There are certain inquiry types that are considered priority and require a phone call to the shipper within an hour after they are received. All inquiries that are not responded to within an hour after receipt are considered to be service failures.

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

INQUIRIES CLOSED PER TRACING      TARGET GOAL [\*\*\*\*] TRACERS PER HOUR  
HOUR

This element is a performance measurement that will assist the management team to have the proper staffing in order to meet the service levels in a cost efficient manner.

RESPONSE QUALITY                      TARGET GOAL [\*\*\*\*] ALL OUTBOUND  
RESPONSES ERROR FREE

Each inquiry that is answered generates a written response that is mailed to the person inquiring about the shipment. The written response is a reflection of the quality commitment UPS has to their customers.

PROCESS QUALITY                      TARGET GOAL [\*\*\*] EFFECTIVE

When an inquiry is closed with an LDI response and prior to the answer being mailed, a second check for the package is performed. This second check is performed to ensure that all procedures were followed, and all resources checked in the investigative process.

DAMAGE NOTIFICATION BY 3:00 P.M.    MINIMUM ACCEPTABLE REQUIREMENT  
[\*\*\*\*\*]

When a package is discovered damaged, either in our system or by the receiver, we notify the shipper in a timely manner. The 3:00 p.m. commitment assists the shipper so that they may re-ship the merchandise that same day.

#### 6.6 VENDOR EMPLOYEE SELECTION PROCESS

The vendor will be responsible for providing a temporary interviewing/testing facility for initial employment needs at each site.

UPS expects that the management selection process will include the following:

- AccuVision Customer Service Assessment (previously validated)
- AccuVision Supervisor/Management Skills Assessment (previously validated)
- Two behavioral anchored interviews
- Background checks to include:
  - Police background check
  - Previous ten years job history references
  - I-9 Immigration Act form
  - Confidential Information Agreement
  - ID card with photo
  - Any other legal requirements

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

UPS expects that the administrative selection process will include the following:

- Typing test (minimum 30 wpm)
- AccuVision Customer Service Assessment
- Two behavioral anchored interviews
- Background checks to include:
  - Police background check
  - Previous five years job history references
  - I-9 Immigration Act form
  - Confidential Information Agreement
  - ID card with photo
  - Any other legal requirements

UPS experience has indicated that approximately 45% of the candidates taking the Customer Service Assessment will receive a satisfactory score.

The vendor must have an Affirmative Action plan in place and must comply with the OFCCP 8 factor availability analysis.

The vendor must comply with all federal, state and local employment laws.

UPS reserves the right to audit the selection process.



6.7 STAFFING REQUIREMENTS/JOB RESPONSIBILITIES

The structure of the new site will consist of management and administrative employees. The detailed job descriptions are enclosed. The management employees need to be available for training 11 weeks prior to opening a site.

UPS anticipates the vendor management-to-administrative ratio will be [\*\*\*\*\*] when the site is fully staffed. UPS further anticipates that a total quality philosophy and workforce empowerment approaches may reduce the management needs.

The administrative employees need to be available for training 3 weeks prior to opening a site. UPS anticipates the vendor will utilize administrative coaches selected from the administrative employees. Projected ratio for coaches is [\*\*\*\*\*].

All administrative employees must have the following qualities:

- Motivational fit
- Customer Service Orientation
- Ability to learn
- Communication Skills
- Attention to detail
- Grammar & Oral Communication Skills
- Tolerance for fast-pace work environment
- Sales Orientation
- Keyboard Skills
- Professional Telephone Manner
- Analysis
- Adaptability
- Teamwork (cooperation)

UPS anticipates that the required operational flexibility will require an administrative staffing ratio of [\*\*\*] full-time and [\*\*\*\*] part-time.

6.8 HEALTH AND SAFETY

The vendor will be responsible for maintaining a health and safety program for its employees. This will include both prevention and follow-up training. In addition, the vendor will be responsible for OSHA record-keeping, evacuation training and emergency drills.

UPS will maintain the facility in compliance with OSHA regulations.

- -----

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

9.1 TRAINING CURRICULUM  
ADMINISTRATIVE

BACKGROUND KNOWLEDGE

the overall UPS process of worldwide distribution  
the role of CSTC's within this process  
the UPS procedures involved

PEOPLE/COMMUNICATION SKILL

objectivity  
speaking techniques  
effective questioning  
active listening  
teamwork  
conflict resolution  
problem solving  
coaching and feedback

SYSTEM/ACCURACY SKILLS

find information quickly and accurately  
respond appropriately to customer requests  
solve customer problems  
sell additional services/generate revenues

PHONE/PROFESSIONAL SKILLS

clear speaking voice  
appropriate UPS phrases and branding  
proper grammar  
telephone etiquette

## 9.2 TRAINING CURRICULUM MANAGEMENT

### WEEK 1: MANAGEMENT TRAINING

- background of UPS
- project mission
- new roles/new culture/expectations
- fundamentals of call center operation
- teamwork/Breakpoint training

### WEEKS 2-4: ADMINISTRATIVE TRAINING COURSE

Management will complete the same training received by the call center representative

### WEEKS 5-6: MANAGEMENT TRAINING

- coaching
- performance management
- documentation
- measurement
- personal performance reviews
- team meetings
- continuous learning refresher modules
- behavior-based performance and positive reinforcement
- financial

### WEEKS 7-8: INSTRUCTION PREPARATION

- preparation
- instruction facilitation
- in-class coaching
- practical application
- adult learning application
- adult learning strategies

9.3 CALL AND INQUIRY VOLUME AND TYPES

AVERAGE DAILY VOLUME

- INBOUND CALLS

- Non peak [\*\*\*\*\*]
- Peak [\*\*\*\*\*]

- TRACING INQUIRIES

- Non peak [\*\*\*\*\*]
- Peak [\*\*\*\*\*]

INBOUND CALL TYPES PERCENT TO TOTAL

- |                                      |       |                     |       |
|--------------------------------------|-------|---------------------|-------|
| - - General Inbound/Total Track      | [***] | - On call Air       | [***] |
| - - Request for Delivery Information | [***] | - Transfer          | [***] |
| - - Driver Calls                     | [***] | - Ready Customer    | [***] |
| - - One Time Pickup                  | [***] | - Complaint         | [***] |
| - - Message/Supply Request           | [***] | - Damage Call Tags  | [***] |
| - - Delivery Change Request          | [***] | - Guarantee Refunds | [***] |

TYPES OF TRACING INQUIRIES

- |                         |  |
|-------------------------|--|
| - - C.O.D.              | - Shipment tracking                    |
| - - Audit Trace         | - Return to Sender                     |
| - - Denial of Signature | - Misdelivery/Indirect Delivery        |
| - - Package I.D.        | - Call Tag                             |
| - - Driver Release      | - Parcel Delivered Merchandise Missing |

- - - - -

\* Omitted portion is subject to a confidential treatment request filed with the Securities and Exchange Commission.

#### 9.4 HOURS OF OPERATION

The planned hours of operation for the call centers is 7:30 a.m. until 8:00 p.m. EST. The week may consist of six days Monday through Saturday. One site, which has yet to be determined, is planned to be a 24 hour operation seven days a week.

## 9.5 TELECOMMUNICATIONS CAPABILITIES

UPS provides telecommunications capabilities along with a vast array of voice and data attributes throughout domestic and international locations. UPSnet, a worldwide network for fast and efficient transmission of voice, data, video and facsimile images is the principal conduit for information exchange.

As part of the UPS operations network, UPSnet and IS systems will provide all vehicles for data and information exchange between our main computer systems and consolidated sites. Regular communications providers will be used for telephone and commercial links to service or customer base.

Our current portfolio of network services includes:

- - Inbound Switched Voice (Interstate, Intrastate, International)
- - Outbound Switched Voice (Interstate, Intrastate, International)
- - Frame Relay Network Services
- - FAX Proof of Delivery Services
- - Dial Access Data Services and
- - Private Line (Individual Data Services)

UPS is and will be responsible for development, testing, implementation and support of all applications and networking systems. However, UPS anticipates the vendor to recommend system improvements and provide necessary system interface to improve productivity.

## 9.6 IT AND APPLICATION SYSTEMS

UPS systems and applications will allow the workforce to evaluate customer inquiries, identify opportunities and provide options by utilizing the following available resources and technology:

## 9.7 PROPOSED ORGANIZATION

### FAST II SYSTEM

A system for sending and storing tracers, claims information and certain operations data via UPS's mainframe computer.

### ON-LINE INQUIRY (OLI)

A software program that allows a service provider to track a package and/or trace by accessing our delivery data immediately for proof of delivery.

### DIALS DATA BASE

A system that stores delivery information that is entered into the drivers DIAD board, and allows its retrieval to provide proof of delivery. DIALS searches the stored data for information necessary to confirm delivery and then sends it to the Delivery Information Processing System which uses this information to generate a printed response for the customer.

### ON-LINE PAYOUT

A program that allows the user to access payout information on C.O.D. shipments.

### TOTAL TRACK

A sophisticated system that allows trackable packages to be monitored at various points in the delivery process. Bar code information contained in the label is scanned as the package is processed, and that information is fed into the central computer. The user can access the status of the package and respond immediately to inquiries.

### NON-DIAD RECORDS

Paper delivery records that are sometimes used to record deliveries. These paper records are stored locally and used to search for proof of deliveries.

#### PACKAGES CENTER EXCEPTION SYSTEM (PCES)

An on-line system to support exception package data. The system is designed to process packages that cannot be delivered as addressed. PCES will automate the correction of bad addresses, automate the card file with a record of address changes, document processed damages and overgoods, automate the entry for will calls and packages to be delivered in the future, and produce individual printed address correction labels for each package.

#### PACKAGE CENTER INFORMATION SYSTEM (PCIS)

A system developed to automate the gathering and reporting of information such as employee records, planning worksheets and shipper profiles in the package centers. The system will reduce the time spent gathering and reporting this type of information. It also provides two-way communication between the center and customer service for complaints and messages. Two-way communication between delivery information for follow-up on inquiries.

#### OVERGOODS

A location that stores and processes packages with an unidentifiable address or the contents of a shipment that has been separated from its original package.



## 10.0 JOB DESCRIPTION

JOB TITLE: Vendor Site Manager  
DEPARTMENT: Customer Call Center  
DATE: January 11, 1995  
JOB SUMMARY:

The role of the Site Manager is to share the vision in partnership with the UPS Site Manager, and develop and facilitate the implementation of a strategy to enable customer oriented service excellence in all team members.

### KEY PERFORMANCE AREAS:

- - Demonstrating service leadership by creating a clear vision of quality based values, by being a visible role model, and by skillful decision making based on the Call Center mission and philosophy.
- - Emphasize quality in all areas and endeavors.
- - Providing direction by formulating goals and by setting priorities that keep everybody's mind on the plan.
- - Communicating effectively so others see, understand, and believe in the vision.
- - Creating a supportive climate by keeping everyone focused on the true priorities, by engaging in team building activities, and by supporting innovation and creativity in all team members.
- - Establishing career plans by helping Team Managers identify, analyze, and explore personal needs values and goals to reach their full potential.
- - Developing a strong alliance among the team members by encouraging them through recognition, acknowledgment and respect.
- - Building strong cross functional and team relationships by focusing efforts toward customers needs.
- - Demonstrating personal growth by staying current on job knowledge through additional training and independent study.

### QUALITIES AND SKILLS:

- - Acceptable performance on SLS and CS Assessments
- - Leadership Skills
- - Understanding of Team Dynamics
- - Logical and Analytical
- - H.R. Background to include working knowledge of Employment Law
- - Quality oriented
- - Innovative

## 10.1 JOB DESCRIPTION

JOB TITLE: Customer Service Team Manager

DEPARTMENT: Customer Service Center

DATE: January 11, 1995

### JOB SUMMARY:

The role of the Team Manager is to create the environment of customer oriented service excellence by motivating and empowering Supervisors.

### KEY PERFORMANCE AREAS:

- - Demonstrating service leadership by careful thinking, skillful decision making and strong personal leadership to help the people in the call center focus their energy on customer values.
- - Emphasize quality in all areas and endeavors.
- - Taking personal responsibility to ensure customer satisfaction by following the Call Center mission and objectives, by seeing that action is taken to solve problems, and by following through on commitments.
- - Communicating effectively in dealing with customers, vendors, employees and all levels of management by asking questions, listening carefully, and providing feedback, both verbal and written.
- - Establishing and maintaining a safe, fair and consistent environment, free of harassment and discrimination, where individuals are satisfied, growing and productive by tapping the potential of many talents and differing perspectives.
- - Engaging in team building activities by establishing goals, sharing knowledge, skills and time with others in order to instill confidence and empower Supervisors.
- - Developing a strong alliance among Team Coordinators by developing an ongoing dialogue and by encouraging them through recognition, acknowledgment and respect.
- - Guiding career paths by evaluating performance to determine each persons skills and capabilities, developmental needs and desires for learning and personal advancement.
- - Demonstrating personal growth by staying current on job knowledge through additional training and independent study.
- - Meeting quality and performance goals through the use of reliable information, data and analysis.
- - Building strong cross-functional relationships by focusing efforts toward customer needs.

QUALITIES AND SKILLS:

- - Acceptable performance on SLS and C.S. Assessments
- - Innovative
- - Quality oriented
- - Leadership Skills
- - Interpersonal Skills

## 10.2 JOB DESCRIPTION

JOB TITLE: Customer Service Supervisor

DEPARTMENT: Customer Service Center

DATE: January 11, 1995

### JOB SUMMARY:

The role of the Supervisor is to maintain a climate of customer oriented service excellence by motivating and empowering team members.

### KEY PERFORMANCE AREAS:

- - Communicating effectively in dealing with customer and fellow employees by asking questions, listening carefully, and providing feedback, both verbal and written.
- - Emphasize quality on all calls.
- - Engaging in team building activities by establishing goals, sharing knowledge, skills and time with others in order to instill confidence and empower team members.
- - Taking personal responsibility to ensure customer satisfaction by following the call center mission and objectives, by seeing that action is taken to solve problems, and by following through on commitments.
- - Motivating employees to maintain positive attitudes by recognizing and rewarding quality performance thus encouraging team members to realize their full potential.
- - Ensuring that all employees are proficient in their job skills through ongoing and periodic follow up training.
- - Demonstrating personal growth by staying current on job knowledge through additional personal training and independent study.
- - Evaluating performance to determine each persons skills and capabilities, developmental needs and desires for learning and personal advancement.
- - Coordinating efforts with cross-functional groups to positively impact customer needs.

### QUALITIES AND SKILLS:

- - Acceptable performance on SLS and C.S. Assessments - Facilitation Skills - Quality oriented
- - Interpersonal Skills - Adaptability

### 10.3 JOB DESCRIPTION

JOB TITLE: Customer Service Representative

DEPARTMENT: Customer Service Center

DATE: January 12, 1995

#### JOB SUMMARY:

The Customer Service Representative is empowered to take ownership of customer inquiries and concerns and to follow through on solutions in order to provide customer oriented quality service excellence. Work is performed independently in accordance with established objectives, goals, and procedures. Judgment and independent initiative are required to identify, adapt and apply approaches to address inquiries and concerns. Direction and assistance is available when needed from coaches and supervisors.

#### KEY PERFORMANCE AREAS:

- - Take inbound calls in a professional, courteous, and customer-focused manner to answer and service all customer inquiries and concerns.
- - Emphasize quality in all areas and endeavors.
- - Provide quality-driven service with includes, but is not exclusive to, explaining service features and benefits, satisfying service disconnects with empathy, processing of pick-up orders, supply requests, and telephone messages.
- - Communicate effectively with internal and external customers by practicing active listening and effective questioning.
- - Effectively identify and solicit opportunities to promote and sell services to existing and perspective customers.
- - Adhere to the customer service Call Center mission, policies and procedures to ensure customer satisfaction.
- - Utilize available resources and technology to develop and deliver solutions/alternatives consistently and accurately.
- - Participate as a team player in a customer-focused and quality driven environment that will satisfy both external and internal customers.
- - Stay current on service features and system enhancements through formal and informal on-going training.

#### QUALITIES AND SKILLS:

- - 30 wpm. keyboard skills
- - CRT experience
- - Good oral communication skills
- - Acceptable performance on C.S. Assessment
- - Successfully complete 3-week training

- - good grammar and voice
- - conversational skills

#### 10.4 JOB DESCRIPTION

JOB TITLE: Customer Service Support Representative

DEPARTMENT: Customer Service Center

DATE: January 12, 1995

#### JOB SUMMARY:

The Customer Service Support Representative is responsible for supporting all functions in the call center with a variety of administrative tasks to provide customer oriented service excellence. Work is performed independently utilizing sound judgment in accordance with established objectives, goals, and procedures.

#### KEY PERFORMANCE AREAS:

- - Prepare and process memos and reports using various software packages.
- - Ensure all work meets the quality requirements of the job.
- - Process, compile and distribute data/mail and maintain files for documents, memos and reports.
- - Support the customer service Call Center mission, policies and procedures, by providing total quality in all job related areas.
- - Assist in the coordination of inventory control and stocking for various areas.
- - Key enter weekly operation schedules and reports.
- - File, fax and copy documentation and perform other administrative tasks.
- - Coordinate efforts with all groups within the call center to increase customer satisfaction and promote total quality.
- - Continually strive to stay current with job requirement and improve business writing, computer, and interpersonal skills through formal and informal on-going training.

#### QUALITIES AND SKILLS:

- - Acceptable performance on C.S. Assessment
- - Attention to quality and detail
- - 30 wpm. keyboard skills
- - Good oral communication skills
- - Ability to work independently
- - Knowledge of all software packages in Microsoft Office (Word, Excel, and PowerPoint)

## 10.5 JOB DESCRIPTION

JOB TITLE: Customer Service Coach

DEPARTMENT: Customer Service Center

DATE: January 12, 1995

### JOB SUMMARY:

The Customer Service Coach is responsible for assisting and supporting supervisors and Customer Service Representatives to ensure customer oriented service excellence. Work is performed independently utilizing self-motivation and sound judgment in accordance with established objectives, goals and procedures.

### KEY PERFORMANCE AREAS:

- - Coach and counsel Customer Service Representatives to strive for Total Quality through skill development, problem solving and conflict resolution.
- - Act as liaison between Customer Service Representatives and supervisors.
- - Share skills and knowledge while addressing questions regarding service features and benefits, service disconnect solutions, pick-up orders, supply requests, and telephone messages.
- - Communicate effectively with customers and Customer Service Representatives by active listening, effective questioning, developing and delivering solutions consistently and accurately.
- - Encourage a team environment by instilling confidence and empowerment in each Customer Service Representative.
- - Empowered to take ownership of Customer Service Representative and customer inquiries and concerns and to follow through on resolutions to ensure complete external and internal customer satisfaction.
- - Assist and support Customer Service Representatives with difficult customer service situations on the telephone.
- - Identify individuals and elements that need additional training, and future training topics.
- - Provide feedback with diplomacy to ensure Customer Service Representatives reach their full potential and strive for self-development.
- - Stay current on service features and system enhancements through formal and informal on-going training.
- - Take responsibility for self-development of technical, leadership and interpersonal skills.



QUALITIES AND SKILLS:

- - Must meet all skill requirements of Customer Service Representatives
- - Ability to work independently
- - Training Skills
- - Demonstrated proficiency as a Customer Service Representative
- - Leadership skills
- - Quality measurement skills
- - Extensive system and service knowledge

## 10.6 JOB DESCRIPTION

JOB TITLE: Customer Service Scheduler

DEPARTMENT: Customer Service Center

DATE: January 11, 1995

### JOB SUMMARY:

The role of the Scheduler is to direct, analyze and forecast the facility needs. Develop and maintain a climate of customer oriented service excellence.

### KEY PERFORMANCE AREAS:

- - Evaluating staffing needs based on projected call volume to maintain quality service.
- - Communicating effectively in dealing with vendors and fellow employees by asking questions, listening carefully, and providing feedback, both verbal and written.
- - Engaging in team building activities by establishing goals, sharing knowledge, skills and time with others in order to instill confidence and empower team members.
- - Staying current on job knowledge through additional personal training and independent study.
- - Coordinating efforts with cross-functional groups to positively impact customer needs.

### QUALITIES AND SKILLS:

- - CRT experience
- - 30 wpm keyboard skills
- - Attention to Detail
- - Logical/Analytical

## 10.7 JOB DESCRIPTION

JOB TITLE: PACKAGE INFORMATION TEAM MANAGER

DEPARTMENT: DELIVERY INFORMATION

DATE: JANUARY 11, 1995

### JOB SUMMARY:

The role of the Team Manager is to create the environment of customer oriented service excellence by motivating and empowering Supervisors.

### KEY PERFORMANCE AREAS:

- - Demonstrating service leadership by careful thinking, skillful decision making and strong personal leadership to help the people in the call center focus their energy on customer values.
- - Emphasize quality in all areas and endeavors.
- - Taking personal responsibility to ensure customer satisfaction by following the Call Center mission and objectives, by seeing that action is taken to solve problems, and by following through on commitments.
- - Communicating effectively in dealing with customers, vendors, employees and all levels of management by asking questions, listening carefully, and providing feedback, both verbal and written.
- - Establishing and maintaining a safe, fair and consistent environment, free of harassment and discrimination, where individuals are satisfied, growing and productive by tapping the potential of many talents and differing perspectives.
- - Engaging in team building activities by establishing goals, sharing knowledge, skills and time with others in order to instill confidence and empower supervisors.
- - Developing a strong alliance among Supervisors by developing an ongoing dialogue and by encouraging them through recognition, acknowledgment and respect.
- - Guiding career paths by evaluating performance to determine each persons skills and capabilities, developmental needs and desires for learning and personal advancement.
- - Demonstrating personal growth by staying current on job knowledge through additional training and independent study.
- - Meeting quality and performance goals through the use of reliable information, data and analysis.
- - Building strong cross-functional relationships by focusing efforts toward customer needs.

QUALITIES AND SKILLS:

- - Acceptable performance on SLS and CS Assessments - Interpersonal skills
- - Quality oriented - Leadership skills - Innovative

## 10.8 JOB DESCRIPTION

JOB TITLE: PACKAGE INFORMATION SUPERVISOR

DEPARTMENT: DELIVERY INFORMATION

DATE: JANUARY 11, 1995

### JOB SUMMARY:

The role of the Supervisor is to maintain a climate of customer oriented quality service excellence by motivating and empowering team members.

### KEY PERFORMANCE AREAS:

- - Communicating effectively in dealing with customers and fellow employees by asking questions, listening carefully, and providing feedback, both verbal and written.
- - Emphasize quality in all areas and endeavors.
- - Engaging in team building activities by establishing goals, sharing knowledge, skills and time with others in order to instill confidence and empower team members.
- - Taking personal responsibility to ensure customer satisfaction by following the call center mission and objectives, by seeing that action is taken to solve problems, and by following through on commitments.
- - Motivating employees to maintain positive attitudes by recognizing and rewarding quality performance thus encouraging team members to realize their full potential.
- - Ensuring that all employees are proficient in their job skills through ongoing and periodic follow up training.
- - Demonstrating personal growth by staying current on job knowledge through additional personal training and independent study.
- - Evaluating performance to determine each persons skills and capabilities, developmental needs and desires for learning and personal advancement.
- - Coordinating efforts with cross-functional groups to positively impact customer needs.

### QUALITIES AND SKILLS:

- - Acceptable performance on SLS and C.S. Assessments - Facilitation skills
- - Quality oriented - Interpersonal skills - Adaptability

## 10.9 JOB DESCRIPTION

JOB TITLE: PACKAGE INFORMATION COACH

DEPARTMENT: DELIVERY INFORMATION

DATE: JANUARY 12, 1995

### JOB SUMMARY:

The Package Information Coach is responsible for assisting and supporting all team members in providing customer oriented service excellence. The coach is instrumental in exercising their empowered skills in problem solving and following up to ensure customer satisfaction. Work is performed independently of supervision. Judgment and independent initiative is required to identify, adapt and apply approaches concerning matters of instruction, guidance and facilitation.

### KEY PERFORMANCE AREAS:

- - Coach and counsel Package Information Associates to strive for Total Quality through skill development, problem solving and conflict resolution.
- - Identifies Package Information Associates requiring additional training and assistance, as well as, recognizing and rewarding quality performers.
- - Informs supervisor of positive and negative issues relating to team objectives and offers solutions.
- - Responsible for ensuring proper job set-up for each team member.
- - Monitors and levels dispatch logs for an even flow of work to process all inquiries daily.
- - Will ensure all quality elements in customer communication are preserved with consistent and accurate information.
- - Investigates and researches all inquiries that are not resolved in a timely manner and takes appropriate measures to resolve.
- - Stays current on job knowledge and system enhancements through formal and informal training.
- - Empowered to approve claims at a specified dollar amount and ensure that a quality investigation has been completed.

### QUALITIES AND SKILLS:

- - Acceptable performance on CS Assessment
- - Successfully completes 3-week training
- - Leadership skills
- - Thorough knowledge of Delivery Information methods and procedures
- - Training skills
- - Understanding of UPS package operations
- - Understanding of systems utilization
- - Demonstrate proficiency as a Package Information Associate
- - Quality measurement skills

\* Refer to "Common Qualities" guidelines

## 10.10 JOB DESCRIPTION

JOB TITLE: PACKAGE INFORMATION ASSOCIATE

DEPARTMENT: DELIVERY INFORMATION

DATE: JANUARY 12, 1995

### JOB SUMMARY:

The Package Information Associate provides quality detailed information on package inquiries for internal and external customers within a specified committed time. Work is performed independently in accordance with established objectives, goals, and procedures. Judgment and independent initiative is required to identify, adapt and apply approaches to answer inquiries/concerns. Direction and assistance is available when needed from team advisors and coordinators.

### KEY PERFORMANCE AREAS:

- - Communicates professionally through active listening, effective questioning, developing and delivering solutions when researching customer inquiries.
- - Proficiency in the application of specified methods and procedures to the various types of inquiries.
- - Responsible for investigating and researching all resources available to provide resolution to package inquiries.
- - Demonstrates empathy and the desire to exceed the customers' expectations in the phone inquiry.
- - Maintains a high level of awareness to committed time responses on all inquiries.
- - Stays current on job knowledge and system enhancements through formal and informal training.

### QUALITIES AND SKILLS:

- - Acceptable performance on C/S Assessment - Strong written and verbal communications skills
- - Successfully complete 3-week training - Skilled in problem solving and conflict resolution
- - CRT experience - Professional telephone voice and manner
- - Quality driven/customer focused - 30 wpm keyboard skills
- - Understanding of UPS package operation

\* Refer to "Common Qualities" guidelines

## 10.11 JOB DESCRIPTION

JOB TITLE: PACKAGE INFORMATION ASSISTANT

DEPARTMENT: DELIVERY INFORMATION

DATE: JANUARY 12, 1995

### JOB SUMMARY:

The Package Information Assistant will assist with all facets of the Delivery Information function in providing a quality and timely response to all customer inquiries. Work is performed independently or in teams, in accordance with established objectives, goals, and procedures.

### KEY PERFORMANCE AREAS:

- - A Package Information Assistant performs various tasks to support Delivery Information.
- - Stays current on job knowledge and system enhancement through formal and informal training.
- - Understands, recognizes and reacts to the time constraints on all individual tasks.
- - Communicates professionally with internal/external customers.

### QUALITIES AND SKILLS:

- - Acceptable performance on CS Assessment
- - 30 wpm keyboard skills
- - CRT experience
- - Successfully complete 3-week training
- - Ability to work independently
- - Knowledge of job specific systems
- - Understanding of Delivery Information Department
- - Good oral communication skills

\* Refer to "Common Qualities" guidelines



## 10.12 JOB DESCRIPTION

JOB TITLE: DAMAGE NOTIFICATION ASSOCIATE

DEPARTMENT: DELIVERY INFORMATION

DATE: JANUARY 12, 1995

### JOB SUMMARY:

The Damage Notification Associate notifies customers of damaged shipments discovered in the UPS system and prepares communication directed to shippers. Work is performed independently in accordance with established objectives, goals and procedures.

### KEY PERFORMANCE AREAS:

- - Maintains a high level of awareness to committed time responses on all damage notifications and messages.
- - Communicates professionally through active listening, effective questioning, developing and delivering solutions when damage information is disputed.
- - Identify and assist customers with pack aid information.
- - Notifies PCA, Account Executive, etc., regarding accounts requesting additional information or assistance with packaging information.
- - Intuitive to customer concerns related to packaging and claim trends.
- - Demonstrates empathy in conveying damage detail to customers.
- - Stays current on UPS service features and enhancements through formal and informal training.

### QUALITIES AND SKILLS:

- - Professional telephone voice and manner
- - Understanding of UPS package operations
- - Acceptable performance on CS Assessment
- - 30 wpm keyboard skills
- - Successfully complete 3-week training

\* Refer to "Common Qualities" guidelines

15335 Morrison Street  
Sherman Oaks, CA 91403

OFFICE BUILDING LEASE

CENTURY QUALITY MANAGEMENT, INC.

Landlord

TELETECH TELECOMMUNICATIONS, INC.

Tenant

Dated: June 24, 1996

TABLE OF CONTENTS

1. LEASED PREMISES.....	1
2. TERM.....	2
4. EXPIRATION OF LEASE.....	2
5. LATE CHARGES.....	3
6. USE OF PREMISES.....	3
7. TENANT IMPROVEMENTS.....	3
8. SERVICES AND UTILITIES.....	3
9. CONDITION OF PREMISES.....	4
10. INSPECTION.....	4
11. INSURANCE RATES.....	5
12. ALTERATIONS.....	5
13. GOVERNMENTAL REQUIREMENTS.....	5
14. CONDEMNATION.....	6
15. DESTRUCTION.....	6
16. RULES AND REGULATIONS.....	7
17. BANKRUPTCY AND INSOLVENCY.....	7
18. DEFAULT.....	7
19. ABANDONMENT.....	8
20. REASONABLE CONSENT.....	9
21. RELEASE FROM INDIVIDUAL LIABILITY.....	9
22. INSURANCE.....	9
23. WAIVER AND INDEMNIFICATION.....	9
24. ADDITIONAL REMEDIES - ATTORNEY'S FEES.....	10
25. NO VERBAL MODIFICATIONS.....	11
27. NOTICES.....	11
28. SUBORDINATION AND CONVEYANCE.....	11
29. ATTORNMENT.....	11
30. TRANSFER OF LANDLORD'S INTEREST.....	12
31. HOLDOVER BY TENANT.....	12
32. TIME.....	12
33. WAIVERS.....	12
34. STRIKES, ACTS OF GOD, ETC.....	12
35. ASSIGNMENT - SUBLEASE.....	13
36. RIGHTS OF SUCCESSORS AND ASSIGNS.....	13
37. TAXES ON TENANT'S PROPERTY.....	14
38. RECORDATION.....	14
39. CORPORATE AUTHORITY.....	14
40. LAW GOVERNING.....	14
41. PARKING.....	14
42. SUITE IDENTIFICATION.....	15
43. PERFORMANCE OF PAST OBLIGATIONS.....	15
SIGNATURES.....	20

OFFICE LEASE

THIS LEASE made this 24th day of June, 1996, between SAM MENLO, Trustee of the Menlo Trust, U.T.I. 5/22/83 (hereinafter called "Landlord") whose address is 4221 Wilshire Blvd. Ste. 210 Los Angeles, CA 90010 and TELETECH TELECOMMUNICATIONS, INC. hereinafter called "Tenant") whose address is:

2130 Hollywood Way  
 Burbank, California 91505  
 Attention: Mr. Joseph D. Livingston

1. LEASED PREMISES:

Landlord hereby lets and leases to Tenant and Tenant hereby hires from Landlord upon the terms and conditions hereinafter set forth certain premises more particularly described in Exhibit A attached hereto and made a part hereof, hereinafter called the "Premises" and located in a building known as 15335 Morrison Street, hereinafter called the "Building", at Sherman Oaks, California. Said premises consist of the following suites, approximately 31,267 square feet at the rate of \$1.30 per square foot:

SUITE NO.	NO. OF SQ. FT.	RATE PER MONTH
-----	-----	-----
101	3360	\$ 4,368.00
102-106	3100	4,030.00
110	714	928.20
115	418	543.40
135	1890	2,457.00
140	640	832.00
145	842	1,094.60
160-170	1504	1,955.20
214	1066	1,385.80
226	1396	1,814.80
220	2777	3,610.10
225-229	3474	4,516.20
227-235	3194	4,152.20
215	777	1,010.10
201	465	604.50
210	630	819.00
390	1267	1,647.10
200	925	1,202.50
213	1145	1,488.50
180	742	964.60
224	941	1,223.30
	----	-----
TOTAL:	31267	\$40,647.00
	----	-----
	----	-----

2. TERM:

The term of this lease is fourteen (14) months commencing on July 1, 1996 (the commencement date) and ending on August 31, 1997 (the expiration date).

3. RENTAL:

A. Tenant agrees to pay as rental, at such place as may be designated from time to time by Landlord, the sum of FIVE HUNDRED SIXTY NINE THOUSAND FIFTY NINE and 40/xx (\$569,059.40) Dollars, payable at the rate of FORTY Thousand Six Hundred Forty Seven and 10/xx (\$40,647.10) Dollars per month.

B. Contemporaneously with the execution of this Lease, Tenant has deposited with Landlord the additional sum of Fourteen Thousand Six Hundred Sixty and 10/xx (\$14,660.10) Dollars receipt of which is hereby acknowledged by Landlord as additional security deposit explained as follows:

Suite 145	\$ 1,094.60
201	604.50
215	1,010.10
220	3,610.10
226	1,814.80
390	1,647.10
200	1,202.50
213	1,488.50
180	964.60
224	1,223.30

for the performance by Tenant of all of the terms, covenants, and condition of this Lease to be kept and performed by Tenant. Such security deposit shall be returned to Tenant upon termination of this Lease, provided Tenant has complied with all of the terms and covenants, and conditions hereof.

Security deposit paid for the other suites will be applied herein in this lease (attached as Summary of Paid Security Deposit).

4. EXPIRATION OF LEASE:

The Tenant shall give notice of a minimum of Ninety (90) days prior to the expiration of Lease, in writing, to the Landlord of his intention of staying on and renewing the Lease or to vacate upon the expiration. If Tenant desires to renew the office space after the expiration of their current lease, Tenant should notify Landlord by Certified Mail of his intention to negotiate a new lease; but, notwithstanding

anything else, Tenant should notify the Landlord one way or the other prior to the expiration by a minimum of Ninety (90) days.

5. LATE CHARGES:

Rent is due every first of the month. Late charges of \$5.00 per \$100.00 rent due will be charged if payment is not received on the eleventh day of every month.

6. USE OF PREMISES:

The leased premises shall be used and occupied by Tenant solely for the purpose of general office use and for no other purpose whatsoever unless Landlord consents in writing thereto.

7. TENANT IMPROVEMENTS:

Improvements by TENANT as other than Landlord's Work shall be at Tenant's sole cost and expense.

Tenant will submit to Landlord all plans and description of work done in all the leased premises, electrical and any and all relation to tenant improvements subject to Landlord's approval in writing.

Any work by Tenant to change, alter or build whatsoever in the leased premises will commence only upon Landlord's written approval.

Suites 201, 210, 215, 225-229, 227-235, 390, 200, 213, 180 and 224 have been demolished and concurrently being built out as this lease is executed.

Simultaneously, Teletech will expand restrooms on the first and second floors as shown on attached diagram.

8. SERVICES AND UTILITIES:

Landlord agrees to provide 110 Volt wiring for lighting and light office machines, not to exceed 5 Amps per machine, heating and refrigerated air conditioning equipment, window cleaning, janitor service, and building maintenance service. Landlord shall not be liable for stoppage or interruption of any of said services, equipment, or utilities caused by riots, strikes, labor disputes, accidents, necessary repairs, or conditions beyond Landlord's control. Landlord shall be the sole judge as to the amount and kind of services and utilities to be provided under the provisions hereof. Tenant agrees to timely pay all its utility bills and additional services, or utilities required by Tenant shall be at its sole expense.

Landlord is supplying only cold water to the premises. Tenant agrees not to connect to or alter any utilities or equipment provided by Landlord without written consent of Landlord. Heating and air conditioning will be furnished Monday through Friday from 7:00 a.m. through 8:00 p.m. and on Saturdays from 8:00 a.m. through 3:00 p.m.

Notwithstanding anything contrary in this Lease, Landlord shall be responsible for all utility charges during normal operating business hours.

Landlord and Tenant agrees to hire an electrical engineer to determine the cost of heating and air conditioning after normal business hours, including Saturdays and Sundays.

Tenant agrees to pay whatever is the cost for heating and air conditioning after normal business hours, including Saturdays and Sundays. THE ADDITIONAL AIR CONDITIONING RATE PER HOUR, WHICH WILL BE DETERMINED BY AN ELECTRICAL ENGINEER AND MUTUALLY AGREED UPON BY LANDLORD AND TENANT, IS TO BE CALCULATED AND PAID BY TENANT BY JULY 1996, INCLUDING THE MONTHS OF MAY AND JUNE AND DUE EVERY MONTH THEREAFTER.

9. CONDITION OF PREMISES:

tenant leases and accepts the leased premises in the condition in which they may be at the beginning of the term of this lease and assumes responsibility for their condition throughout the term of this Lease, it being understood in this connection that EXCEPT FOR THE NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LANDLORD, Landlord shall in no event be liable for any damage caused by defect in the leased premises unless Landlord neglects or refuses to repair the same within A REASONABLE TIME NOT TO EXCEED thirty (30) days after receipt of written notice from Tenant calling upon it to do so.

10. INSPECTION:

A. Tenant shall permit Landlord and Landlord's agents to enter into and upon the premises at all reasonable times for the purpose of inspecting the same or for the purpose of carrying out Lessor's obligations including but not limited to janitorial and window cleaning or making reasonable repairs, alterations, or additions to any portion of said premises which Landlord may see fit to make without any reduction to rebate of rentals to Tenant for loss or occupancy or quiet enjoyment of the premises thereby occasioned. Tenant shall at all reasonable times permit Landlord to show the leased premises to prospective purchasers and/or Tenants.

- B. Tenant will permit Landlord, at any time within One Hundred Twenty (120) days prior to the expiration of this Lease, to bring upon the premises for purposes of inspection or display, prospective tenants thereof.
- C. At the expense of Tenant, Landlord shall replace all breakage and repair all damage or injury to the leased premises, or to the building of which same forms a part, or to its fixtures, appurtenances, or equipment in any way done by or resulting from the carelessness, negligence, or improper conduct of Tenant or any of Tenant's servants, employees, agents, visitors, contractors, or licensees or caused by making additions, alterations, or improvements requested by Tenant, or by moving by or on the order of Tenant of property in or out of said building or leased premises. Tenant shall indemnify and reimburse Landlord on demand for any damages and expenses, including loss of rent and attorney's fees, sustained by Landlord from any of the above causes.

11. INSURANCE RATES:

If Tenant's occupancy by such as shall increase the fire and extended coverage insurance rate or premium on the building of which the leased premises form a part, Tenant shall pay to Landlord the amount of such increased premium caused by Tenant's occupancy. Such payment by Tenant to Landlord shall be made upon demand therefore by Landlord.

12. ALTERATIONS:

Tenant will not make any alterations in or additions to the leased premises or to the electric wiring or other appurtenance thereto without first securing the written consent of Landlord to such improvements or alterations. At the termination of this Lease, Landlord shall have the option of retaining absolute ownership without compensation to Tenant of any additions or improvements which Tenant may have made EXCEPT TENANT'S FIXTURES AND EQUIPMENT excepting only reasonable wear and tear and damage by fire or other casualty not caused by or attributable to Tenant or Tenant's employees, agents, or visitors.

13. GOVERNMENTAL REQUIREMENTS:

Tenant agrees that if Landlord, during the term of this Lease, shall be required by any governmental authority to repair, alter, remove, reconstruct, or improve any part of the leased premises or of the building of which the leased premises form a part, then such repair, altering, removal, reconstruction, or improvement may be made by and at the expense of Landlord



and shall not in any way affect the obligations or covenants of Tenant herein contained. Tenant hereby waives all claims for damages or abatement of rent because of such work, but if there is an actual or constructive loss of use or occupancy by Tenant exceeding five (5) days due to such work, then Tenant's rent shall abate for the period of such loss.

14. CONDEMNATION:

If the whole or any part of the leased premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as to the part so taken from the day possession of that part shall be required for any public purpose, and rent shall be paid up to that day, and on or before the day Tenant shall elect in writing either to cancel this Lease or to continue in possession of the remainder of the premises under the terms herein provided, except that the rent shall be reduced in proportion to the amount of the premises taken. All damages awarded for such taking shall belong to and be the property of Landlord, whether such damages be awarded as compensation for diminution in value to the leasehold or to the fee of the premises provided, however, that Landlord shall not be entitled to any portion of the award made to Tenant for loss of business.

15. DESTRUCTION:

If during the term of this Lease, the leased premises are damaged by fire or any other natural cause which is not attributable to the negligence of Tenant or Tenant's agents, employees, or visitors, Landlord shall repair the same with reasonable diligence after notice of such damage; but such damage shall not be cause for terminating this Lease, unless repair is not completed by Landlord within one hundred twenty (120) days after Landlord has been notified of such damage, in such event, a reasonable and equitable adjustment in the rent shall be made.

In case the building of which the leased premises form a part be so injured or destroyed (although the lease premises may not be affected) that Landlord shall decide, within a reasonable time, not to rebuild or reconstruct said building, then this Lease shall terminate; and the rent shall be apportioned and paid up to the time of such injury or destruction, and Tenant shall surrender the leased premises.

EXCEPT FOR THE NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD, no compensation or claim shall be made by reason of loss, damage, inconvenience, or annoyance arising from the necessity or repairing any portion of said building or its parts or appurtenances, however the necessity may occur.

16. RULES AND REGULATIONS:

The Rules and Regulations affixed to or printed on this Lease are made a part hereof as fully and to all intents and purposes as if they were copied in full herein. Tenant shall faithfully observe and comply with, and cause Tenant's employees, agents, licensee, and visitors to faithfully observe and comply with said Rules and Regulations affixed to or printed on this Lease and such other and further Rules and Regulations as may be necessary or proper for the reputation, safety, care and cleanliness of the building and the leased premises or the preservation of good order therein, or the operation or maintenance of the building or its equipment or the comfort of tenants. Landlord shall not be responsible to Tenant for the non-performance of any of said Rules and Regulations or changes or additions thereto by any other tenant.

17. BANKRUPTCY AND INSOLVENCY:

If, at any time, a receiver be appointed to take charge of the leased premises or of the business conducted therein, or if this Lease or the interest or estate created thereby vests in any other person other than the Tenant by operation of Law or otherwise, except by consent as aforesaid by Landlord, or if Tenant shall be adjudicated a bankrupt, or if any relief is sought by or against Tenant pursuant to any provisions of the bankruptcy laws of the United States, or if any insolvency law whatsoever or Tenant makes an assignment for the benefit of creditors, or if any attachment or execution is levied upon Tenant's property or interest under this Lease which is not satisfied or released within thirty (30) days thereafter, Landlord may at its option declare this Lease to be terminated.

18. DEFAULT:

In the event of any failure on the part of Tenant to comply with any one of the terms, covenants, or conditions of this Lease or of the Rules and Regulations of Landlord, Landlord may, at its option without any further demand or notice in addition to any other remedy or right given hereunder or by law, do any of the following:

- A. Re-enter the Premises, take possession thereof, eject all persons therefrom using all necessary force to do so, and, with or without re-entry, declare this Lease at an end, in which event Tenant shall immediately pay Landlord a sum of money equal to the worth of the aggregate of (a) the unpaid Rent which has been earned at the time of termination, (b) the amount by which (i) the unpaid rent which would have been earned after termination until the

time of award by the Court having jurisdiction thereof exceeds (ii) the amount of such rental loss that the Tenant proves could have been reasonably avoided by Landlord, (c) all other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's default or which in the ordinary cause of things would be likely to result therefrom. The amounts covered by items (a) and (b) shall be computed by allowing interest at ten percent (10%) per annum.

- B. Re-enter the premises, take possession thereof, eject all persons therefrom using all necessary force to do so; and, with or without re-entry, relet the Premises, in the event Tenant shall immediately pay Landlord a sum of money, in addition to the aggregate of the amounts covered by items (a), (b), and (c) of paragraph (A) of this Section, equal to the amount by which (1) the worth at the time of the award by which the unpaid Rent for the balance of the Lease Term after the time of the award exceeds (2) the amount of the rental loss if the Landlord proved that in reletting the Premises it acted reasonably and in good faith plus one (1%) percent.
- C. Without termination of Tenant's right to possession of the Premises, collect by action or otherwise, each installment of Rent or other sum as the same becomes due and payable, which Rent or other sum shall bear interest at the rate of ten (10%) percent per annum from the date when due until paid; or enforce, by action or otherwise, any other term or covenant of this Lease if, but only if, the Tenant is permitted by the terms of this Lease to either (a) sublet the Premises, assign his interest in this Lease, or both (i) without Landlord's consent, or (ii) with Landlord's consent, which Landlord agrees not unreasonably to withhold, or (b) sublet the Premises, assign his interest in this Lease, or both, subject to reasonable standards and reasonable conditions to such right to sublet or assign.

19. ABANDONMENT:

Tenant shall not vacate or abandon the leased premises at any time during the term of this Lease; and if Tenant shall abandon, vacate, or surrender said premises, or be dispossessed by process of law or otherwise, any personal property belonging to Tenant and left on the premises shall be deemed to be abandoned at the option of Landlord, except such property as may be mortgaged to Landlord.

20. REASONABLE CONSENT:

Landlord agrees not to unreasonably withhold its approval of or consent to any act of Tenant, where such approval or consent is required by the terms of this Lease.

21. RELEASE FROM INDIVIDUAL LIABILITY:

It is expressly understood and agreed that nothing contained in this Lease shall be construed as creating any liability whatsoever against any of the partners of Landlord personally; and, in particular, without limiting the generality of the foregoing, there shall be no personal liability of any of the partners of Landlord to pay any indebtedness accruing under this Lease or to perform any term, covenant, condition, or agreement, either expressed or implied, contained in this Lease or to keep, preserve, or sequester any property of Landlord. The personal liability of said partners is hereby expressly waived by Tenant and by every person now or hereafter claiming any right of security hereunder; and the owner of any interest or indebtedness of liability accruing under this Lease shall look solely to the Building and to the real property of which the Premises form a part, for payment thereof.

22. INSURANCE:

Tenant shall carry during the term hereof, public liability of \$1,000,000 and property damage insurance of \$1,000,000 covering injuries to persons or property in or about the demised premises. Said insurance shall be written by companies REASONABLY satisfactory to Landlord, and Tenant shall provide Landlord with satisfactory evidence of such insurance. In the event Tenant fails to obtain any insurance as provided in this Lease, Landlord may obtain any such insurance, and the cost thereof shall be paid by Tenant as additional rent with the first payment of rent which is due subsequent to Landlord's incurring such cost, and Landlord shall have all remedies to collect the same as rent as in this Lease and/or otherwise provided by law for the collection of rent.

23. WAIVER AND INDEMNIFICATION:

In addition to the foregoing, Tenant shall indemnify, hold harmless, and defend Landlord from any loss, cost, damage, or expense, including attorney's fees, with respect to any claim of damage or injury to persons or property arising out of Tenant's use of the Premises or the Building; the conduct of Tenant's business; any act, work, or thing done, permitted, or suffered by Tenant or its employees, agents, invitees, or visitors in or about the Premises or the Building; any claim arising out of any breach or default in the performance of any obligation of Tenant under the terms of this Lease; or any claim

arising out of any act or negligence of Tenant or of any of Tenant's employees, agents, invitees, or visitors. Further, EXCEPT FOR THE NEGLIGENCE AND WILLFUL MISCONDUCT OF THE LANDLORD, Tenant agrees that Landlord shall not at any time or to any extent whatsoever be liable, responsible, or in any way accountable for any injury, death, or damage from any cause whatsoever, which at any time may be suffered by Tenant or by Tenant's employees, agents, invitees or visitors; and Tenant agrees to indemnify, hold harmless, and defend Landlord from any and all loss, cost, damage, and expense, including attorney' fees, arising out of any such injury, death, or damage however occurring. As a material part of the consideration given hereunder to Landlord, Tenant hereby assumes all risk of damage to property or injury to persons in, upon, or about the Premises or the Building from any cause whatsoever other than Landlord's negligence or WILLFUL MISCONDUCT; and Tenant hereby waives all claims against Landlord relating thereto. Neither Landlord nor its agents shall be liable for any damage to property, furniture, equipment, records, goods, wares, or merchandise resulting from fire, explosion, falling glass, or other materials, steam, gas, electricity, water, rain which may leak from any part of the Building or from the pipes, appliances, or plumbing works therein or from the roof, street, or subsurface thereof or from any other place resulting from the dampness or any other cause whatsoever, unless caused by or due to the negligence or WILLFUL MISCONDUCT of Landlord. EXCEPT FOR THE NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LANDLORD, Landlord or its agents shall not be liable for interference with light or other incorporeal hereditaments, nor shall Landlord be liable for any latent defect in the Premises or in the Building. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment related thereto.

24. ADDITIONAL REMEDIES - ATTORNEY'S FEES:

Any rent unpaid as it falls due shall bear simple interest at the rate of ten (10%) percent per annum in addition to late charges as noted in Paragraph 7; and, should it become necessary for Landlord to resort to legal proceedings for collection of any rent or the enforcement of any of its rights hereunder, Tenant shall pay such reasonable expenses as Landlord may incur and as the facts may warrant; and no indulgence on the part of the Landlord shall be construed or held to be a waiver of any of its rights hereunder or prevent it from demanding the fulfillment of any of the several provisions of this Lease or the exercise of its rights at any

time. In the event of litigation, the successful party shall be awarded reasonable attorney's fees as determined by the Court.

25. NO VERBAL MODIFICATIONS:

It is expressly understood between the parties hereto that nothing in the way of verbal understanding or agreement, either prior to this date or subsequent thereto in reference to the lease of the Premises herein described, shall in any manner affect this Lease or be deemed a modification of it or change of its terms. It is agreed that no change or modification or new lease shall have any effect unless reduced to writing and signed by the parties hereto.

26. LOCATION OF PREMISES:

27. NOTICES:

Any notices which Landlord or Tenant may be required or any desire to give to the other shall be deemed to have been properly given if sent by Registered or Certified United States mail, postage prepaid, addressed as hereinabove stated or may be delivered in person. Either party hereto may change the place or places or the party to whom such notices may be sent at any time by written notice to the other mailed or delivered as aforesaid.

28. SUBORDINATION AND CONVEYANCE:

This Lease is subject to and subordinate to any and all ground and underlying leases and to any and all mortgages and deeds of trust which may now or hereafter affect said real property and to all advances made or hereafter to be made upon the security thereof and to all renewals, modifications, considerations, replacements, and extensions thereof. In confirmation of such subordination, Tenant shall promptly execute any certificate or other instrument which Landlord may deem proper to evidence such subordination without expense to Landlord; and in such event Landlord shall be released from any and all obligations hereunder.

29. ATTORNMMENT:

Tenant agrees that if for any reason whatsoever there occurs a change of ownership whereby the Landlord's estate in the leased premises is terminated by any cause whatsoever, Tenant will attorn to the new owner of the premises and will recognize any new owner as the Tenant's landlord under this Lease.

30. TRANSFER OF LANDLORD'S INTEREST:

In the event Landlord transfers its reversionary interest in the Premises or the Building (other than a transfer for security purposes), Landlord shall be automatically relieved of any obligation hereunder accruing after the date of such transfer provided such obligations are assumed by such transferee in writing.

31. HOLDOVER BY TENANT:

In the event Tenant shall hold the leased premises after the expiration of the term hereof with the consent of Landlord, expressed or implied, such holding over shall, in the absence of any written agreement to the contrary, be deemed to have created a tenancy from month to month terminable on thirty (30) days' notice from either party to the other and shall be subject to all the terms and provisions of this Lease provided, however, that such tenancy shall be at a rental rate 110% of the last monthly installment of rent payable by Lessee hereunder, commencing on the first day of the month next following expiration of Lease period.

32. TIME:

Time is of the essence of this Lease and of each and every provision hereof, except as to the conditions relating to the delivery of possession of the premises to Tenant. All the terms, covenants, and conditions contained in this Lease to be performed by Tenant, if Tenant shall consist of more than one person or organization, shall be deemed to be joint and several; and all rights and remedies granted to Landlord by law shall be cumulative and non-exclusive of any other remedy.

33. WAIVERS:

No waiver by Landlord of Landlord's right to enforce any provision hereof after any default on the part of Tenant shall be deemed a waiver of Landlord's right to enforce each and all of the provisions hereof upon any further or other default on the part of Tenant. The acceptance of rent hereunder shall not be or be construed to be a waiver of any breach of any term, covenant, or condition of this Lease nor shall it reinstate, continue, or extend the term of this Lease or affect any notice, demand, or suit thereunder.

34. STRIKES, ACTS OF GOD, ETC.:

It is understood and agreed that Landlord shall not be liable for the breach of any of the terms of this Lease occasioned by

any act of God, war, the elements, strikes, lockouts, delays in transportation, or by reason of other causes, whether of like or different nature beyond the control of Landlord.

35. ASSIGNMENT - SUBLEASE:

Tenant or any person holding under Tenant, by transfer of assignment from Tenant, shall not assign, mortgage, or pledge this Lease or any rights hereunder, or sublet the leased premises or any part thereof, nor permit the use of the leased premises, except for Tenant's own purposes, by any person or persons other than Tenant and the agents and servants of Tenant without first obtaining the written consent of Landlord; and any such assignment or subletting without Landlord's prior written consent shall be void. Any assignment by operation of law, or by any process or proceeding of any court, or by attachment, execution, proceedings in insolvency, or bankruptcy, either voluntary or involuntary, or by receivership proceedings shall constitute a breach of covenant against the assignment Tenant's rights hereunder; and Landlord, at any time during the continuance of such breach in addition to any other rights Landlord may have, may without notice terminate this Lease. Consent to any assignment, mortgage, pledge, or subletting shall not operate as a waiver of the necessity for a consent to any subsequent assignments, mortgage, pledge, or subletting; and the terms of this Lease shall be binding upon any person holding by, under, or through Tenant. Landlord's consent to any assignment or subletting shall not relieve Tenant or any assignee of any liability hereunder and, in the event of default by assignee in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said assignee. Landlord may consent to subsequent assignments and subletting without notifying Tenant or any assignee and without obtaining its or their consent thereto. Landlord's consent to assignment or subletting shall not be unreasonably withheld, provided the proposed assignee or subtenant is reasonably satisfactory to Landlord as to credit and character and will occupy the premises for general office purposes not inconsistent with Landlord's commitments to other tenants in the Building.

36. RIGHTS OF SUCCESSORS AND ASSIGNS:

Each of the provisions of this Lease shall extend to and shall, as the case may require, bind and inure to the benefit of the parties hereto and their successors, heirs, and legal representatives and, in case an assignment of sublease is consented to in writing by Landlord, to Tenant's assignees and sublessees.



37. TAXES ON TENANT'S PROPERTY:

During the term hereof, Tenant shall pay prior to delinquency all taxes assessed against and levied upon fixtures, furnishings, equipment, and all other personal property of Tenant contained in the demised premises; and when possible Tenant shall cause said fixtures, furnishings, equipment, and other personal property to be assessed and billed separately from the real property of the assessee of the building. In the event any or all of the Tenant's fixtures, furnishings, equipment, and/or other personal property shall be assessed and taxed as part of the real property of which the demised premises herein are a part and/or become an obligation of the Landlord to pay such taxes, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to the Tenant's property.

38. RECORDATION:

Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.

39. CORPORATE AUTHORITY:

If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

40. LAW GOVERNING:

This Lease shall be governed by and construed in accordance with the laws of the State of California.

41. PARKING:

Throughout the term hereof, Lessee shall have the right to rent unreserved parking for Ninety Four (94) vehicles at the rate of (\$ 0.00) per space per month in the parking area of the building in which the Premises are located and on terms and conditions to be established by Lessor from time to time during the term. The parking area referred to herein shall be

used on a non-exclusive basis with other occupants of the building in which the demised premises are located. Parking for Lessee's invitees shall be available in said parking area on a non-exclusive first come, first served basis with invitees of other occupants of said building at rates and upon other conditions prevailing from time to time during the term hereof.

In addition to this lease, Teletech will rent additional parking spaces in the amount of One Thousand Five Hundred (\$1,500.00) monthly.

42. SUITE IDENTIFICATION:

Lessee agrees to pay for the building standard suite door plaque frame and company identification strip for the directory.

43. PERFORMANCE OF PAST OBLIGATIONS:

UPON PAYMENT OF \$165,189.53 TO LANDLORD, (LANDLORD AGREES THAT HE HAS RECEIVED ALREADY THE SUM OF \$156,150.35), LANDLORD AGREES THAT TELETECH HAS PERFORMED COMPLETELY ALL OF ITS OBLIGATIONS UNDER ANY LEASES THAT EXISTED PRIOR TO THIS LEASE.

INCLUDING THE RENT FOR JUNE 1996 UNDER THIS LEASE AND THE ADDITIONAL SECURITY DEPOSITS REQUIRED UNDER THIS LEASE, AND AGREES TO DISMISS THE PENDING UNLAWFUL DETAINER ACTION PROMPTLY.

UNLESS DEEMED NECESSARY AND WITH PROPER AUTHORIZATION FROM THE LANDLORD, UNDER ANY AND NO CIRCUMSTANCES SHOULD TELETECH ACQUIRE ACCESS TO THE AIR-CONDITIONING AND HEATING EQUIPMENT AND ELECTRICAL PANELS RELATED THERETO WHICH IS LOCATED ON THE ROOF OF THE BUILDING. ANY VIOLATION HEREWITH WILL GIVE DUE REASON FOR LANDLORD TO TERMINATE THIS LEASE.

The parties hereto have executed this Lease in duplicate on the date first above written.

LESSEE: TELETECH COMMUNICATIONS,  
INC.

LESSOR: CENTURY QUALITY  
MANAGEMENT, INC.

By: /S/ JOSEPH D. LIVINGSTON

By: /S/ SAM MENLO

-----  
Joseph D. Livingston  
Senior Vice President  
Chief Operating Officer

-----  
Sam Menlo  
President, Trustee

DATE: 6/28/96

DATE: 7-1-1996

## Rules and Regulations

Tenant agrees to conform to the following rules and regulations and all other rules and regulations which Landlord may, from time to time, establish for tenants of the Project and the Building. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project or the Building with regard to such rules and regulations. The provisions herein shall be applied to all tenants in a non-discriminatory manner.

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed or affixed on or to any part of the outside or inside of the Project, the Building or the Premises without the prior written consent of landlord first had and obtained, which consent shall be exercised in Landlord's sole discretion and in accordance with all applicable codes and ordinances. Landlord shall have the right to remove at the expense of Tenant any signs, placards, pictures, advertisements, names or notices which have not received Landlord's approval.

All approved signs or lettering on doors shall be printed, affixed or inscribed at the expense of Tenant by the person or company designated by Landlord. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises. Tenant shall not cause to be covered, or otherwise sunscreens, any window.

2. Tenant shall not obtain for use upon the Premises, ice, drinking or bottled water, towel or other similar services on the Premises, except from persons authorized by Landlord and at the hours and under the regulations established by Landlord.

3. Tenant shall be permitted to have its name displayed in the Building directory, if any. Landlord reserves the right to exclude any other names therefrom.

4. Any sidewalks, walkways, bridges, arcades, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by Tenant or used by Tenant for any other purpose other than for ingress to and egress from the Premises. The sidewalks, walkways, bridges, arcades, halls, passageways, exits, entrances, elevators and stairways are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgement of Landlord, shall be prejudicial to the safety, reputation and interests of the Project and/or the Building and its tenants; provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business, unless such persons

are engaged in illegal activities. Tenant, its employees and invitees shall not go upon the roof of the Building.

5. Tenant shall not alter any lock or install any new or additional locks or any bolts on any door of the Premises without the prior written consent of Landlord.

6. The toilets, urinals, wash bowls and such other features shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expenses of any breakage, stoppage or damage resulting from the violation of this rule by Tenant, its employees or invitees shall be borne by Tenant.

7. Tenant shall not mark, drive nails, screw, drill, core into or make any other modifications to the floor, partitions, woodwork or plaster or in any way deface the Premises or any part thereof. Tenant must obtain the prior written authorization from Landlord or Landlord's architect to drive nails, screw, drill, core or make any other modification to the floor. Tenant shall not add to, remove or modify any existing interior walls or partitions.

8. Tenant shall not overload the floor or any structural component of the Premises or the Building with any electronic or other equipment of any type, furniture or freight. In the event Tenant shall require electronic or other equipment, furniture or freight which would overload the floor or other structural components of the Premises or the Building, Tenant shall notify Landlord, providing Landlord information on the specific nature of such equipment, furniture or freight, including, but not limited to dimensions, weight and specifications thereof. If Landlord approves the placement of same in the Premises, Landlord shall make any necessary adjustments to the Premises, Landlord shall make any necessary adjustments to the Premises and/or the Building required to accommodate such equipment, furniture or freight, all at the cost of Tenant. In addition, Landlord shall have the right to prescribe how such equipment, furniture and freight shall be permitted to be situated within the Premises, including requiring the same to stand on wooden strips of such thickness as is necessary to properly distribute the weight. All such approved equipment, furniture and freight shall be moved into and out of the Building during such hours and in such a manner as Landlord shall designate. Landlord shall also have the right to prescribe the weight, size and position of all safes which Tenant shall bring into the Building. Landlord will not be liable for the loss of or damage to any equipment, furniture or freight from any cause and any damage to the Project, the Building and/or the Premises caused by moving or maintaining equipment, furniture or freight shall be repaired at the expense of Tenant. Tenant shall not use any hand trucks in the Premises or the Building except those equipped with rubber tires and side guards.

9. Tenant shall not use or keep, or permit to be used or kept upon the Premises or the Building any food, noxious gas, kerosene, gasoline, inflammable or combustible fluids or materials or any similar substance.

10. The Premises shall not be used for manufacturing or storing merchandise except when such storage is incidental to the use of the Premises as permitted in the Lease. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco, or as a medical office, barber shop, or manicure shop. Tenant shall not advertise for laborers giving the address of the Project, the Building or the Premises. The Premises shall not be used for lodging or sleeping or for any illegal purposes.

11. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord. Tenant shall not, without the prior consent of Landlord, use any apparatus or device in the Premises which will in any way increase the amount of electricity usually furnished or supplied to the Premises for its use as general office space (including, but not limited to, electronic data process machines, punch card machines or machines using in excess of 120 volts). Tenant shall not connect any device to any electrical current except through existing electrical outlets located within the Premises.

12. Landlord will direct electricians in the manner and to the locations in which telephone and telegraph wires are to be introduced. No boring or cutting for or laying of wires will be allowed without the written consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the prior written approval of Landlord.

13. Tenant shall not lay linoleum, tile, carpet or other similar floor covering except with the prior written consent of Landlord and as Landlord shall direct. The expense of repairing any damage resulting from a violation of this rule or the removal of any floor covering shall be borne by Tenant.

14. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such elevators as shall be designated by Landlord.

15. Access to the Building, including the halls, corridors, elevators, stairways and the Premises, shall be available to the general public between the hours of 7:00 a.m. and 6:00 p.m., Mondays through Fridays. Access will be available on Saturdays, Sundays and legal holidays. Landlord shall further have the right to restrict access to the Building during any invasion, riot,

public disturbance or excitement, and at any other time Landlord deems it advisable for the safety and protection of the Building, its occupants and/or the property thereof. Landlord shall not be held liable for, and Tenant indemnifies Landlord against, damages which may arise by the failure of Landlord to grant access to the Building during any time.

16. It shall be Tenant's responsibility before leaving the Building to ensure that (a) all doors to the Premises are closed and securely locked, (b) all water faucets and other water apparatus are entirely shut off, and (c) all electricity is shut off, so as to prevent waste or damage. Tenant shall be solely liable for any damage or injury which may be occasioned by the failure of Tenant and/or its employees to observe such precautions.

17. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

18. The needs of Tenant will be attended to only upon written applications to the Building Management Office. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

19. No vending or gaming machine or machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord, except for such machines located in non-public areas which are for the exclusive use of Tenant's employees.

20. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Project and/or the Building of which the Premises are a part.

21. Tenant agrees that it shall comply with all fire and security regulations that may be issued from time to time by Landlord, and Tenant also shall provide Landlord with the name of a designated responsible employee to represent Tenant in all matters pertaining to such fire and security regulations.

22. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

23. All keys to offices, rooms and toilet rooms shall be obtained from the Building Management Office and Tenant shall not duplicate or obtain keys from any other source. Tenant, upon termination of the tenancy, shall deliver to Landlord any parking card keys and the keys to the Premises, offices, rooms and toilet rooms which

shall have been furnished Tenant. In the event Tenant fails, or is unable, to return all such keys and/or cards, then Tenant shall reimburse Landlord the cost of replacing such keys and/or cards and, then Tenant shall reimburse Landlord the cost of replacing such keys and/or cards and, if deemed necessary by Landlord, replacing locks. Landlord, in its sole discretion, may require from Tenant a reasonable sum as a deposit for any such keys and cards.

24. Tenant shall not use or permit the Premises to be used in a manner which may be deemed objectionable or offensive to Landlord or any occupant of the Building. Tenant shall not create or permit to be created upon the Premises any noise (including without limitation, radios, phonographs, televisions or musical instruments), odors or vibrations. Tenant shall not permit any pets or animals to be brought upon or kept in or about the Premises or the Building.

25. Landlord reserves the right, upon written notice to Tenant, to rescind, alter, include or waive any rule or regulation at any time prescribed for the Project and/or the Building when, in Landlord's judgment, it is necessary, desirable or proper for the best interest of the Building and its tenants.

26. No smoking is allowed in restrooms, common areas, and lobbies.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of all our reports (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  
July 25, 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 Amendment No. 3 to 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 Gumbiner, Savett, Friedman & Rose, Inc.)

Santa Monica, California  
July 25, 1996