
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2006

TeleTech Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of
Incorporation)

0-21055
(Commission
File Number)

84-1291044
(I.R.S. Employer
Identification No.)

9197 S. Peoria Street, Englewood, Colorado 80112
(Address of principal executive offices, including Zip Code)

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

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

TABLE OF CONTENTS

[Item 7.01. Results of Operation and Financial Condition](#)

[Item 9.01 Financial Statements and Exhibits](#)

[SIGNATURE](#)

[EXHIBIT INDEX](#)

[Press Release](#)

[Table of Contents](#)

Item 7.01. Results of Operation and Financial Condition

On May 3, 2006 Registrant issued a press release setting forth Registrant's financial and operating results for the quarter ended March 31, 2006. On May 3, 2006, the Registrant held a conference call, which was open to the public, to discuss these results. A copy of this press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits

99.1 Press Release issued by TeleTech on May 3, 2006

SIGNATURE

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

TeleTech Holdings, Inc.
By: /s/ Kenneth D. Tuchman
KENNETH D. TUCHMAN
Chief Executive Officer

Dated: May 4, 2006

EXHIBIT INDEX

EXHIBIT NUMBER
99.1

DESCRIPTION
Press Release Dated May 3, 2006

Investor Contact:
Karen Breen
303-397-8592

Media Contact:
Amy Claire Wild
303-397-8450

TeleTech Reports First Quarter 2006 Financial Results
Record First Quarter Revenue Grows 11.4 Percent; EPS Doubles to 8 Cents
Global Demand Driving 25 Percent Increase in Worldwide Capacity

Englewood, Colo., May 3, 2006 – TeleTech Holdings, Inc. (Nasdaq: TTEC), a leading global business process outsourcing (BPO) provider, today announced first quarter 2006 financial results. The Company also filed its Quarterly Report on Form 10-Q with the Securities and Exchange Commission for the quarter ended March 31, 2006.

TeleTech reported record first quarter revenue of \$283.4 million, an increase of 11.4 percent year over year. Revenue in TeleTech's North American and International Customer Management segments, which combined represents 94 percent of consolidated revenue, grew 14.2 percent year over year.

Income from operations more than doubled year over year increasing to \$9.1 million or 3.2 percent of total revenue.

Fully diluted EPS doubled year over year to 8 cents per share. This includes \$1.4 million of stock option expense, or approximately one cent per share. It also includes \$0.9 million of asset impairment and restructuring charges, or approximately one cent per share, primarily related to costs associated with certain international facilities.

EXECUTIVE COMMENTARY

"This is the second consecutive quarter of double-digit revenue growth driven by continued new, renewed and expanded business wins. The increased pace of new business wins stems from our continuing investment in sales and marketing, a heightened interest in BPO outsourcing across all our targeted industry verticals and a shortened sales cycle. In addition, both new and existing clients are increasingly selecting TeleTech because of our growing suite of diversified offerings and our ability to handle both their front and back office outsourcing needs," said Ken Tuchman, Chairman and Chief Executive Officer. "Our solid revenue growth has led to an unprecedented need for new capacity deployment in near and off-shore locations. We believe our capacity in these locations will grow to nearly 80 percent of our total capacity by year-end."

First Quarter 2006 Business Highlights

Increased Pace of New, Renewed and Expanded Client Business

- During the first four months of 2006, TeleTech signed an estimated \$80 million of incremental annual revenue from new and existing clients. When combined with the underlying value of the associated existing client business, it results in an estimated total contract value of approximately \$2 billion over a multi-year period.
- As a result of high client satisfaction levels, nearly all significant client agreements requiring renewal in 2006 have been completed.

Strong Pipeline of New Global Business Opportunities with Shortening Sales Cycle

- TeleTech's pipeline of new global business opportunities is strong and its revenue base continues to diversify across several targeted industry verticals. For instance, revenue in TeleTech's healthcare vertical is currently six percent of revenue, up from less than two percent a year ago. Current and prospective clients are increasingly realizing that outsourcing front and back office processes are integral to achieving their broader business objectives.
-

Strong Balance Sheet Funding Organic Growth and Share Repurchase Program

- As of quarter end, TeleTech had cash and cash equivalents of \$34.5 million and total debt to equity of 13.6 percent.
- As a result of increased global demand, capital expenditures were \$14.6 million, up from \$4.8 million a year ago. Accordingly, free cash flow was \$2.1 million in the first quarter 2006 compared to \$10.3 million in the prior year quarter.
- TeleTech repurchased \$8.1 million of common stock through March 31, 2006, leaving approximately \$58 million remaining under the repurchase program as of quarter-end.

Business Outlook

- As previously disclosed, TeleTech expects full year 2006 organic revenue to grow between 8 to 10 percent over 2005 and believes its fourth quarter 2006 operating margin will approximate 6 to 7 percent.

SEC FILINGS

The Company's filings with the Securities and Exchange Commission are available in the "Investors" section of TeleTech's website, which can be found at www.teletech.com.

CONFERENCE CALL

TeleTech executive management will hold a conference call to discuss first quarter 2006 financial results on Wednesday, May 3, 2006, at 5:00 p.m. Eastern Time. You are invited to join a live webcast of the call by visiting the "Investors" section of the TeleTech website at www.teletech.com. If you are unable to participate during the live webcast, a replay of the call will be available on the TeleTech website through Wednesday, May 17, 2006.

ABOUT TELETECH

TeleTech is a leading global business process outsourcing (BPO) company that provides a full range of front-to-back office outsourced solutions including customer management, transaction-based processing, and database marketing services. TeleTech's comprehensive solutions include fully managed, OnDemand services including infrastructure, software, and business intelligence. TeleTech's ability to deliver innovative solutions globally over a centralized and standardized delivery platform ensures a high quality, consistent customer experience enabling clients to increase revenue, improve profitability, and develop stronger customer relationships around the world. TeleTech is a valued partner for clients that include Global 1000 businesses and governments. Approximately 60 percent of TeleTech's revenue is generated internationally with services offered in 150 languages from nearly every continent on the globe. For additional information, visit www.TeleTech.com.

FORWARD-LOOKING STATEMENTS

This press release may contain certain forward-looking statements that involve risks and uncertainties. The projections and statements contained in these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. All statements not based on historical fact are forward-looking statements that involve substantial risks and uncertainties. In accordance with the Private Securities Litigation Reform Act of 1995, following are important factors that could cause our actual results to differ materially from those expressed or implied by such forward-looking statements, including but not limited to the following: our belief that we are continuing to see strong demand for our services; estimated revenue from new, renewed, and expanded client business as volumes may not materialize as forecasted or be sufficient to achieve our Business Outlook; achieving expected profit improvement in our International Customer Management operations; the ability to close and ramp new business opportunities that are currently being pursued with existing clients and potential clients in order to achieve our Business Outlook; our ability to execute our growth plans, including sales of new products (such as TeleTech On Demand™ and TeleTech In Culture™); our ability to achieve our year-end 2006 and 2007 financial goals and targeted cost reductions set forth in our Business Outlook; the possibility of our Database Marketing and Consulting segment not increasing revenue, lowering costs, or returning to profitability; the possibility of lower revenue or price pressure from our clients experiencing a downturn or merger in their business; greater than anticipated competition in the Business Process Outsourcing ("BPO") and customer management market, causing adverse pricing and more stringent contractual terms; risks associated with losing or not renewing client relationships, particularly large client agreements, or early termination of a client agreement; the risk of losing clients due to consolidation in the industries we serve; consumers' concerns or adverse publicity regarding our clients' products; our ability to find cost effective locations, obtain favorable lease terms, and build or retrofit facilities in a timely and economic manner; risks associated with business interruption due to weather

or terrorist-related events; risks associated with attracting and retaining cost-effective labor at our customer management centers; the possibility of additional asset impairments and restructuring charges; risks associated with changes in foreign currency exchange rates; economic or political changes affecting the countries in which we operate; changes in accounting policies and practices promulgated by standard setting bodies; and new legislation or government regulation that impacts the BPO and customer management industry.

PLEASE REFER TO THE COMPANY'S FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE COMPANY'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2006, AND THE ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2005, FOR A DETAILED DISCUSSION OF FACTORS DISCUSSED ABOVE AND OTHER IMPORTANT FACTORS THAT MAY IMPACT THE COMPANY'S BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION, AND CASH FLOWS. THE COMPANY ASSUMES NO OBLIGATION TO UPDATE ITS FORWARD-LOOKING STATEMENTS TO REFLECT ACTUAL RESULTS OR CHANGES IN FACTORS AFFECTING SUCH FORWARD-LOOKING STATEMENTS.

###

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three months ended March 31,	
	2006	2005
Revenue	\$ 283,422	\$ 254,326
Operating Expenses:		
Cost of services	213,545	191,010
Selling, general and administrative	48,058	43,976
Depreciation and amortization	11,801	14,308
Restructuring charges, net	757	953
Impairment losses	176	—
Total operating expenses	274,337	250,247
Operating Income	9,085	4,079
Other income (expense)	(332)	874
Income Before Income Taxes and Minority Interest	8,753	4,953
Provision for income taxes	2,981	2,149
Income Before Minority Interest	5,772	2,804
Minority interest	(384)	(63)
Net Income	\$ 5,388	\$ 2,741
Net Income Per Share:		
Basic	\$ 0.08	\$ 0.04
Diluted	\$ 0.08	\$ 0.04
Operating Income Margin	3.2%	1.6%
Net Income Margin	1.9%	1.1%
Effective Tax Rate after Minority Interest	35.6%	43.9%
Weighted Average Shares		
Basic	68,928	74,179
Diluted	70,344	76,720

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(In thousands)
(Unaudited)

	Three months ended March 31,	
	2006	2005
Revenue:		
North American Customer Management	\$ 179,737	\$ 152,252
International Customer Management	86,084	80,420
Database Marketing and Consulting	17,601	21,654
Total	\$ 283,422	\$ 254,326
Operating Income (Loss) :		
North American Customer Management	\$ 12,743	\$ 11,233
International Customer Management	(2,693)	(4,323)
Database Marketing and Consulting	(965)	(2,831)
Total	\$ 9,085	\$ 4,079

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34,483	\$ 32,505
Accounts receivable, net	198,918	207,090
Other current assets	61,033	59,558
Total current assets	<u>294,434</u>	<u>299,153</u>
Property and equipment, net	138,692	133,635
Other assets	<u>89,497</u>	<u>85,443</u>
Total assets	<u>\$ 522,623</u>	<u>\$ 518,231</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Total current liabilities	\$ 154,940	\$ 160,183
Other noncurrent liabilities	65,317	58,130
Minority interest	6,951	6,544
Total stockholders' equity	<u>295,415</u>	<u>293,374</u>
Total liabilities and stockholders' equity	<u>\$ 522,623</u>	<u>\$ 518,231</u>

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION
(In thousands)
(Unaudited)

	Three months ended March 31,	
	2006	2005
Reconciliation of Free Cash Flow		
Cash Flow From Operating Activities:		
Net income	\$ 5,388	\$ 2,741
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,801	14,308
Other	(469)	(1,951)
Net cash provided by operating activities	\$ 16,720	\$ 15,098
Total Capital Expenditures	\$ 14,572	\$ 4,766
Free Cash Flow	\$ 2,148	\$ 10,332
	Three months ended March 31,	
	2006	2005
Reconciliation of EBITDA		
Net Income	\$ 5,388	\$ 2,741
Interest income	(\$ 169)	(\$ 812)
Interest expense	\$ 887	\$ 517
Provision for income taxes	\$ 2,981	\$ 2,149
Depreciation and amortization	\$ 11,801	\$ 14,308
EBITDA	\$ 20,888	\$ 18,903