FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 1998

OR

/ / TRANSITION REPORT PURSUANT TO Section 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ---------- to ----------

Commission file number 0-21055

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

DELAWARE	84-1291044
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1700 LINCOLN STREET, SUITE 1400 DENVER, COLORADO	80203
(Address of principal executive office)	(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at October 31, 1998
Common Stock, par value $.01 per share	60,235,700

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

FORM 10-Q

INDEX

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

PART I. FINANCIAL INFORMATION

ASSETS

	December 31, 1997	September 30, 1998 (Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,338	$ 11,291
Short-term investments	69,633	56,110
Accounts receivable, net of allowance for doubtful accounts of $2,327 and $2,714, respectively	43,664	52,120
Prepaids and other assets	1,220	2,496
Deferred tax asset	2,902	3,072
Total current assets	124,757	125,089
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $21,812 and $33,707, respectively	53,738	64,313
OTHER ASSETS:		
Goodwill (net of amortization of $587 and $1,347, respectively)	7,295	12,001
Long-term accounts receivable	4,274	4,274
Investment in affiliated company accounted for under the equity method	981	--
Contract acquisition costs	--	10,900
Other assets	1,322	1,384
Total assets	$192,367	$217,961

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS EXCEPT SHARE AMOUNTS)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1997	September 30, 1998 (Unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt	5,910	9,720
Bank overdraft	1,094	--
Accounts payable	8,086	8,606
Accrued employee compensation	12,244	15,026
Accrued income taxes	2,507	2,350
Other accrued expenses	11,694	15,411
Customer advances, deposits and deferred income	1,472	1,117
Total current liabilities	43,007	52,230
DEFERRED TAX LIABILITIES	1,217	1,211
LONG-TERM DEBT, net of current portion:		
Capital lease obligations	9,432	3,478
Other debt	459	3,682
Total liabilities	54,115	60,601
STOCKHOLDERS' EQUITY:		
Preferred stock, 10,000,000 shares authorized , zero and one share issued and outstanding in 1997 and 1998, respectively	--	--
Common stock, $.01 par value, 150,000,000 shares authorized, 59,262,397 and 60,234,304 shares issued, 59,163,587 and 60,234,304 shares outstanding	592	602
Additional paid-in capital	104,016	108,315
Accumulated other comprehensive income	(922)	(1,680)
Unearned compensation-restricted stock	(127)	(32)
Treasury stock, 98,810 shares, at cost	(988)	--
Retained earnings	35,681	50,155
Total stockholders' equity	138,252	157,360
Total liabilities and stockholders' equity	$192,367	$217,961

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

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

	Three Months Ended September 30, 1997	Three Months Ended September 30, 1998
REVENUES	$70,374	$92,366
OPERATING EXPENSES:		
Costs of services	45,799	59,143
Selling, general and administrative expenses	17,802	25,085
Total operating expenses	63,601	84,228
INCOME FROM OPERATIONS	6,773	8,138
OTHER INCOME (EXPENSE):		
Interest expense	(276)	(413)
Investment income	813	725
Equity in income of affiliated company	160	(16)
Business combination expenses	--	(440)
Other	(14)	(220)
	683	(364)
Income before income taxes	7,456	7,774
PROVISION FOR INCOME TAXES	2,912	3,059
Net income	$ 4,544	$ 4,715
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	58,256	60,234
Diluted	61,405	62,040
NET INCOME PER COMMON SHARE:		
Basic	$ .08	$ .08
Diluted	$ .07	$ .08

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1998
REVENUES	$199,280	$260,709
OPERATING EXPENSES:		
Costs of services	127,043	168,294
Selling, general and administrative expenses	46,656	69,505
Total operating expenses	173,699	237,799
INCOME FROM OPERATIONS	25,581	22,910
OTHER INCOME (EXPENSE):		
Interest expense	(1,053)	(946)
Investment income	2,522	2,444
Equity in income of affiliated company	263	70
Business combination expenses	-	(1,321)
Other	(1)	(371)
	1,731	(124)
Income before income taxes	27,312	22,786
PROVISION FOR INCOME TAXES	10,919	9,055
Net income	$ 16,393	$ 13,731
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	57,931	59,784
Diluted	61,560	62,026
NET INCOME PER COMMON SHARE:		
Basic	$ .28	$ .23
Diluted	$ .27	$ .22

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1998
(DOLLARS IN THOUSANDS)
(Unaudited)

	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 16,393	$ 13,731
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	7,240	13,935
Allowance for doubtful accounts	462	387
Equity in income of affiliated company	(263)	981
Deferred taxes on income	(785)	(176)
Deferred compensation expense	96	95
Changes in assets and liabilities-		
Accounts receivable	(16,092)	(8,458)
Prepaids and other assets	(903)	(1,237)
Accounts payable and accrued liabilities	7,614	6,662
Customer advances and deferred income	458	(355)
Net cash provided by operating activities	14,220	25,565
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$(25,645)	$(23,939)
Purchase of TMI	(2,337)	--
Acquisition of Intellisystems, Inc.	--	(2,000)
Return of deposit on new Call Center	3,000	--
Contract acquisition costs	-	(10,900)
Changes in accounts payable and accrued liabilities relating to investing activities	56	(781)
Decrease in short-term investments	6,805	13,790
Net cash used in investing activities	(18,121)	(23,830)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term borrowings	$ 65	$ 1,549
Net increase in bank overdraft	806	-
Cash received in acquisition	-	276
Payments on long-term debt and capital leases	(3,565)	(1,908)
Exercise of stock options including tax benefit	7,382	2,302
Net cash provided by financing activities	4,688	2,219
Effect of exchange rate changes on cash	(516)	(1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	271	3,953
CASH AND CASH EQUIVALENTS, beginning of period	5,569	7,338
CASH AND CASH EQUIVALENTS, end of period	$ 5,840	$ 11,291

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

NOTE (1)--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of TeleTech Holdings, Inc. and subsidiaries as of September 30, 1998 and 1997 and for the periods then ended. Operating results for the three month and nine month periods ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ended December 31, 1998.

The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and footnotes thereto included in the Company's Form 10-K for the year ended December 31, 1997.

NOTE (2)--RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" effective for fiscal years beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 may not be applied retroactively, and must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after December 31, 1997 (and, at the company's election, before January 1, 1998). Management believes that the impact of SFAS No. 133 will not significantly affect its financial reporting.

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities". This statement is effective for financial statements for fiscal years beginning after December 15, 1998. In general, SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. Initial application of SOP 98-5 should be reported as the cumulative effect of a change in accounting principle. Management believes that SOP 98-5 will not have a material impact on the financial statements.

NOTE (3)--SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES (IN THOUSANDS):

	Nine Months Ended September 30,	
	1997	1998
Cash paid for interest	$ 1,053	$ 946
Cash paid for income taxes	$10,897	$ 5,641
Noncash investing and financing activities:		
Stock issued in purchase of Intellisystems	$ --	$ 3,389

NOTE (4)--ACQUISITIONS

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

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

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

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

The table below sets forth the results of operations of the previously separate enterprises for the period prior to the consummation of the combinations during the nine months ended September 30, 1998 and 1997 (in thousands):

Nine months ended September 30,:	TELETECH	DIGITAL	EDM	ADJUSTMENTS	COMBINED
1998:					
Revenues	$136,244	$2,038	$10,258	$(1,171)	$147,369
Net income	6,972	136	654	--	7,762
1997:					
Revenues	$124,332	$889	$ 4,091	$ (406)	$128,906
Net income	11,489	187	173	--	11,849

On August 26, 1998 the Company consummated a business combination with Outsource Informatica Ltda. ("Outsource"), a leading Brazilian customer care provider, which included the issuance of 606,000 shares of Company common stock. This business combination was accounted for as a pooling of interests. The operations of Outsource prior to the acquisition are immaterial to all periods presented.

NOTE (5)--CONTRACT ACQUISITION COSTS

In September 1998, the Company paid $10.9 million to obtain a long term contract with a significant client in the telecommunications industry. This amount is recorded as an other asset and will be amortized over the six year term of the contract.

NOTE (6)--COMPREHENSIVE INCOME

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

The Company's comprehensive income for the three and nine months ended September 30, 1997 and 1998 was as follows (in thousands):

	Three Months Ended September 30,	
	1997	1998
Net income for the period	$ 4,544	$ 4,715
Change in cumulative translation adjustment	(342)	(191)
Comprehensive income	$ 4,202	$ 4,524

	Nine Months Ended September 30,	
	1997	1998
Net income for the period	$16,393	$13,731
Change in cumulative translation adjustment	(572)	(758)
Comprehensive income	$15,281	$12,973

NOTE (7)--SALE OF JOINT VENTURE

On September 21, 1998, the Company sold their 50% interest in Access 24 (UK) Limited ("Access 24 UK") to Priplan Investments, Ltd. ("Priplan") for cash consideration of approximately $1.061 million. The company incurred $129,000 in costs relating to the disposal of this joint venture in the third quarter 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations in this Form 10-Q should be read in conjunction with the risk factors included in the Company's Form 10-K for the year ended December 31, 1997. Specifically, the Company has experienced, and in the future could experience, quarterly variations in revenues and earnings 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; and the seasonal pattern of certain of the businesses serviced by the Company. In addition, the Company has concentrated its marketing efforts towards obtaining larger, more complex, strategic customer care programs. As a result, the time required to negotiate and execute an agreement with the client has increased. This may lead to short-term delays in the anticipated start-up of new client programs and in the Company achieving full capacity utilization. The Company's planned staffing levels, investments and other operating expenditures are also based on revenue forecasts. If revenues are below expectations in any given quarter as a result of such delay or for other reasons, the Company's operating results would likely be adversely affected for that quarter.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 1998 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1997

Revenues increased $22.0 million or 31% to $92.4 million for the three months ended September 30, 1998 from $70.4 million for the three months ended September 30, 1997. The increase resulted primarily from $14.6 million in revenues from new clients and $18.1 million in increased revenue from existing clients including $5 million relating to technology sales. These technology sales include $1.7 million in hardware and third party software sold under reseller arrangements, consulting services of approximately $300,000 and the sale of approximately $3.0 million in proprietary call center technology to a client for use in its internal call centers. Technology sales for the corresponding period of the preceding year were not significant. While TeleTech does expect technology revenues to represent a more significant portion of total revenues in the future, there can be no assurances as to the future levels of these revenues. These revenue increases were offset in part by contract expirations and other client reductions. These reductions and terminations include $6.4 million in revenue reductions related to lower call volumes from two significant client programs in the telecommunications and transportation industries. Revenues for the three months ended September 30, 1998 include approximately $21.6 million from facilities management contracts as compared with $18.1 million for the three months ended September 30, 1997.

Costs of services increased $13.3 million, or 29%, to $59.1 million for the three months ended September 30, 1998 from $45.8 million for the three months ended September 30, 1997. Costs of services as a percentage of revenues decreased slightly from 65.1% for the three months ended September 30, 1997 to 64.0% for the three months ended September 30, 1998. The decrease in the costs of services as a percentage of revenues is a result of significantly lower costs of services as a percentage of revenues associated with the technology sales discussed above as compared with the Company's recurring revenues from outsourcing. Cost of services as a percentage of revenue was negatively impacted by unused capacity in several of the Company's domestic and foreign call centers. Unused capacity contributes to higher costs of services as a percentage of revenue as the fixed management and facilities infrastructure costs are spread over reduced revenues.

Selling, general and administrative expenses increased $7.3 million, or 41% to $25.1 million for the three months ended September 30, 1998 from $17.8 million for the three months ended September 30, 1997. Selling, general and administrative expenses as a percentage of revenues increased from 25.3% for the three months ended September 30, 1997 to 27.2% for the three months ended September 30, 1998 primarily as a result of a greater number of selling, general, and administrative personnel along with higher depreciation and infrastructure costs associated with the opening of call centers in Niagara Falls, NY; Moundsville, West Virginia; Uniontown, Pennsylvania;

Mexico City, Mexico and Glasgow, Scotland.

As a result of the foregoing factors, income from operations increased $1.4 million or 20%, to $8.1 million for the three months ended September 30, 1998 from $6.7 million for the three months ended September 30, 1997. Operating income as a percentage of revenues decreased from 9.6% for the three months ended September 30, 1997 to 8.8% for the three months ended September 30, 1998. In the third quarter 1998, operating income as a percentage of revenue was favorably impacted by approximately 250 to 300 basis points by the technology sales discussed above.

Other income excluding business combination expenses totaled $76,000 for the three months ended September 30, 1998 compared with $683,000 during the three months ended September 30, 1997. This is primarily related to decreased investment income of $88,000 resulting from the decrease in cash investments from $66.1 million at September 30, 1997 to $56.1 million at September 30, 1998. In addition, interest expense increased $137,000 resulting from an increase in capital leases. Also included in other income and expense for the three months ended September 30, 1998 was $129,000 relating to costs of disposing of the Company's 50% interest in the PPP Joint Venture in the United Kingdom. Income from this joint venture for the three months ended September 30, 1997 was $160,000 compared to a loss of $16,000 for the three months ended September 30, 1998. The remaining difference quarter versus quarter was due to currency fluctuations of $80,000 attributable to the Company's Mexican operations. Business combination expenses related to the acquisition of Outsource Informatica Ltda. were $440,000 for the three months ended September 30, 1998.

As a result of the foregoing factors, net income increased $171,000 or 4.0%, to $4.7 million for the three months ended September 30, 1998 from $4.5 million for the three months ended September 30, 1997.

NINE MONTHS ENDED SEPTEMBER 30, 1998 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1997

Revenues increased $61.4 million or 31% to $260.7 million for the nine months ended September 30, 1998 from $199.3 million for the nine months ended September 30, 1997. The increase resulted from $39.5 million in revenues from new clients and $63.3 million in increased revenue from existing clients. These increases were offset in part by contract expirations and other client reductions of which $32.3 million related to two significant clients in the telecommunications and transportation industries. Revenues for the nine months ended September 30, 1998 include approximately $61.2 million from facilities management contracts as compared with $58.7 million for the nine months ended September 30, 1997.

Costs of services increased $41.3 million, or 33%, to $168.3 million for the nine months ended September 30, 1998 from $127.0 million for the nine months ended September 30, 1997. Costs of services as a percentage of revenues increased from 63.8% for the nine months ended September 30, 1997 to 64.6% for the nine months ended September 30, 1998. This increase in the costs of services as a percentage of revenues is a result of lower nine months volumes in a significant facilities management client program as compared with the previous year and unused capacity in several of the Company's domestic and foreign call centers offset by lower costs of services as a percentage of revenues associated with the technology sale discussed in the three month comparative above.

Selling, general and administrative expenses increased $22.8 million, or 49% to $69.5 million for the nine months ended September 30, 1998 from $46.7 million for the nine months ended September 30, 1997. Selling, general and administrative expenses as a percentage of revenues increased from 23.4% for the nine months ended September 30, 1997 to 26.7% for the nine months ended September 30, 1998 primarily as a result of a greater number of selling, general, and administrative personnel along with higher depreciation expense resulting from the completion of new call centers which were not fully utilized during 1998 and the impact of lower volumes in a significant client in the telecommunications industry.

As a result of the foregoing factors, income from operations decreased $2.7 million or 10%, to $22.9 million for the nine months ended September 30, 1998 from $25.6 million for the nine months ended September 30, 1997. Operating income as a percentage of revenues decreased from 12.8% for the nine months ended September 30, 1997 to 8.8% for the nine months ended September 30, 1998. This decline resulted primarily from reduced capacity utilization and lower volumes associated with two significant clients in the telecommunications and transportation industries. Operating income as a percentage of revenue for the nine months ended September 30, 1998 was favorably impacted by approximately 100 basis points by the technology sales discussed above.

Other income excluding business combination expenses totaled $1,197,000 for the nine months ended September 30, 1998 compared with $1,731,000 during the nine months ended September 30, 1997. This is primarily related to decreased investment income of $78,000 resulting from the decrease in cash investments. Also included in other income and expense for the nine months ended September 30, 1998 was $129,000 relating to costs of disposing of the Company's 50% interest in the PPP Joint Venture in the United Kingdom. Income from this joint venture for the nine months ended September 30, 1997 was $263,000 compared to $70,000 for the nine months ended September 30, 1998. The remaining difference quarter versus quarter was due to currency fluctuations of $205,000 attributable to the Company's Mexican operations. During the nine months ended September 30, 1998, the Company also incurred $1,321,000 of one time charges relating to business combination expenses for EDM Electronic Direct Marketing, Ltd., Digital Creators, Inc., and Outsource Informatica Ltda.

As a result of the foregoing factors, net income decreased $2.7 million or 16%, to $13.7 million for the nine months ended September 30, 1998 from $16.4 million for the nine months ended September 30, 1997.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 1998 the Company had cash and cash equivalents of $11.3 million and short-term investments of $56.1 million. Cash provided by operating activities was $25.6 million for the nine months ended September 30, 1998.

Cash used in investing activities was $23.8 million for the nine months ended September 30, 1998 resulting primarily from $23.9 million in capital expenditures, $2.0 toward the purchase of Intellisystems (see Note 4 accompanying the condensed financial statements), and $10.9 million in contract acquisition costs offset in part by a decrease of $13.8 million in short term investments.

Cash provided by financing activities was $2.2 million resulting from the increase in short-term borrowings of $1.5 million and the exercise of stock options of $2.3 million offset in part by pay downs of capital leases by the Company's Canadian Subsidiary.

The Company is negotiating a new $50 million, 3-year, partially secured revolving line of credit agreement with a syndicate of 5 banks. The Company anticipates that the agreement will be completed in November 1998.

The Company currently expects total capital expenditures in 1998 to be approximately $40 to $50 million of which $23.9 million was expended in the first nine months. The Company believes that existing cash on hand together with cash from operations will be sufficient to finance the Company's operations, planned capital expenditures and anticipated growth through 1999.

POTENTIAL YEAR 2000 PROBLEMS

The Company has undertaken an assessment and compliance program (the "Program") to ascertain the existence and extent of, and to remediate as necessary, any Year 2000 problems that may reside in the information technology and non-information technology systems of the Company and its interfaces with its clients. The Program utilizes an outside consulting firm, which specializes in Year 2000 compliance and remediation, which will work with full-time employees of the Company whose time is dedicated to the Program. The Company has begun an enterprise wide assessment and now expects to complete the assessment phase of the Program by the first quarter of 1999. As assessments are completed, the Company will commence immediate remediation, as necessary. The Company believes that costs of the assessment phase will not exceed $1,000,000. The Company has not yet incurred any significant costs for this assessment. When the assessment is completed, the Company should be able to estimate the total cost of the Program as well as the timing of remediation.

The Company is currently unable to assess, and may be unable to accurately determine, the magnitude of any Year 2000 problems that may reside in the computer and information systems of its clients, or the impact that any such problems could have on the services provided by the Company to such clients. As part of the Program, the Company will contact its clients regarding the nature and scope of any such problems and seek to work with the clients to resolve them. The success of the Company's efforts will depend, in significant part, upon factors outside the control of the Company, such as the level of client cooperation and the status of the clients' own Year 2000 compliance programs. Thus, there can be no assurance that all such problems will be resolved. The occurrence of Year 2000 related failures in the computer and information systems of any of the Company's significant clients could have a materially adverse effect on the business, results of operations, and financial condition of the Company. The Company will prepare a contingency plan to handle a most reasonably likely worst case scenario at the completion of its assessment, however the Program has not progressed sufficiently to identify the potential Year 2000 issues.

FORWARD-LOOKING STATEMENTS

All statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" or elsewhere in this quarterly report, that are not statements of historical facts are forward-looking statements that involve substantial risks and uncertainties. Forward looking statements include (i) the anticipated level of capital expenditures for 1998; (ii) the Company's belief that existing cash and short-term investments will be sufficient to finance the Company's near term operations; (iii) the Company's belief that technology revenues will represent a more significant portion of the total revenues in the future and the impact on operating margins as a result of those revenues; (iv) the Company's estimate of the impact of the year 2000 issues; and (v) statements relating to the Company or its operations that are preceded by terms such as "anticipates", "expects", "believes" and similar expressions.

The Company's actual results, performance or achievements may differ materially from those implied by such forward-looking statements as a result of various factors, including the following: TeleTech's agreements with its clients do not ensure that TeleTech will generate a specific level of revenue and may be canceled by the clients on short notice. The amount of revenue TeleTech generates from a particular client is dependent upon customers' interest in and use of the client's products or services, some of which are recently-introduced or untested. The loss of a significant client or the termination or completion of a significant client program may have a material adverse effect on TeleTech's capacity utilization and results of operations. There can be no assurance that the Company will be successful in integrating acquired companies into the Company's existing businesses, or that any completed acquisition will enhance the Company's business, results of operations or financial condition. There are certain risks inherent in conducting international business, including without limitation exposure to currency fluctuations, longer payment cycles and greater difficulties in accounts receivable collection.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in the Company's 1997 Annual Report on Form 10-K, in November 1996, the Company received notice that CompuServe Incorporated ("CompuServe") was withdrawing its WOW! Internet service from the marketplace and that effective January 31, 1997, it would terminate all the programs provided to CompuServe by the Company. Pursuant to the terms of its agreement with the Company, CompuServe was entitled to terminate the agreement for reasonable business purposes upon 120 days advance notice and by payment of a termination fee calculated in accordance with the agreement. In December 1996, the Company filed suit against CompuServe to enforce these termination provisions and collect the termination fee. CompuServe filed a counterclaim in December 1996 alleging that the Company breached other provisions of this agreement and seeking unspecified monetary damages. In March 1997, CompuServe asserted a right to offset certain accounts receivable it owes to the Company for services rendered. These accounts receivable total $4.3 million.

In mid 1997, CompuServe announced it had agreed to sell its worldwide on-line services business to America Online, Inc. and its network services business to a wholly-owned subsidiary of WorldCom, Inc. The Company and CompuServe agreed to stay their litigation pending the sale, which was completed in January 1998 at which time the litigation recommenced. Although the Company believes that this litigation will not have a material adverse effect on the Company's financial condition or results of operations, the ultimate outcome is uncertain. Because it is uncertain whether this litigation will be concluded within one year, the Company has reclassified the $4.3 million receivable as a long-term asset in the accompanying balance sheet.

Item 2. Changes in Securities and Use of Proceeds

The registration statement for the Company's initial public offering was effective July 30, 1996. The net proceeds to the Company from the initial public offering were $52,565,000. The following is the amount of net offering proceeds used by the Company for each of the purposes listed below. The following use of proceeds does not represent a material change in the use of proceeds described in the initial public offering prospectus.

	DIRECT OR INDIRECT PAYMENTS TO DIRECTORS, OFFICERS, GENERAL PARTNERS OF THE ISSUER OR THEIR ASSOCIATES: TO PERSONS OWNING TEN PERCENT OF MORE OF ANY CLASS OF EQUITY SECURITIES OF THE ISSUER; AND TO AFFILIATES OF THE ISSUER	DIRECT OR INDIRECT PAYMENTS TO OTHERS
Purchase and installation of machinery and equipment		$11,536,000
Acquisition of other businesses		4,337,000
Repayment of indebtedness		9,950,000
Working Capital	$500,000	15,055,000
TEMPORARY INVESTMENT		
Cash Management Account		10,199,000
OTHER PURPOSES		
Acquisition of 98,810 shares of Treasury Stock		988,000

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following document is filed as an exhibit to this report:

27.1 Financial Data Schedule
27.2 Financial Data Schedule - Restated

(b) Reports on Form 8-K

In a current report filed on Form 8-K dated July 28, 1998, the Company updated certain historical financial information which was restated to give effect of the acquisition of Digital Creators, Inc. on June 8, 1998 and EDM Electronic Direct Marketing Ltd. on June 17, 1998 accounted for as a pooling of interests.

SIGNATURES

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 thereunto duly authorized.

TELETECH HOLDINGS, INC.
(Registrant)

Date: November 11, 1998	/s/ KENNETH D. TUCHMAN Kenneth D. Tuchman Chairman of the Board, President and Chief Executive Officer
Date: November 11, 1998	/s/ STEVEN B. COBURN Steven B. Coburn, Chief Financial Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TELETECH HOLDINGS, INC.'S 1998 THIRD QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

9-MOS
DEC-31-1998
SEP-30-1998
11,291
56,110
54,834
2,714
0
125,089
98,020
33,707
217,961
52,230
7,160
0
0
602
156,758
217,961
260,709
260,709
168,294
237,799
(822)
0
946
22,786
9,055
13,731
0
0
0
13,731
0.23
0.22

THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TELETECH HOLDINGS, INC.'S 1997 THIRD QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

9-MOS
DEC-31-1997
SEP-30-1997
5,840
66,051
46,754
1,924
0
120,866
65,644
18,474
181,624
37,406
9,552
0
0
564
133,385
181,624
199,280
199,280
127,043
173,699
(2,784)
0
1,053
27,312
10,919
16,393
0
0
0
16,393
0.28
0.27