

REGISTRATION NO. 333-04097

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 2 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. LANZNAR, 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.....	*

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\*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

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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.

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

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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.

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PRICE \$ A SHARE

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	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."

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

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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.

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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 more recently from Call Centers leased and equipped by its clients ("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 June 15, 1996, TeleTech owned, leased or managed seven Call Centers in the United States and one in each of the United Kingdom, Australia and New Zealand, equipped with a total of 4,660 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.....	55,046,240 shares(1)
Use of proceeds to the Company.....	For working capital and general corporate purposes and to repay outstanding short-term indebtedness.
Nasdaq National Market Symbol.....	TTEC

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(1) Includes 9,300,000 shares of Common Stock to be issued upon the conversion of all 1,860,000 outstanding shares of Preferred Stock pursuant to the Preferred Stock Conversion. Excludes 4,797,345 shares of Common Stock issuable upon exercise of options outstanding at June 15, 1996 with a weighted average exercise price of \$4.58 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)						
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 ----- PRO FORMA AS ADJUSTED (6) ----- (UNAUDITED)		
	ACTUAL	PRO FORMA (5)	AS ADJUSTED (6)

BALANCE SHEET DATA:			
Working capital.....	\$ 5,380	\$ 5,380	\$ 61,792
Total assets.....	49,454	49,454	102,367
Long-term debt, net of current portion.....	6,536	6,536	6,536
Total stockholders' equity.....	9,829	22,908	79,321

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- (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 \$5.6 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 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."

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

operations or achieve planned growth on a timely or profitable basis. If the Company is unable to manage growth effectively, its business, results of operations or financial condition could be materially adversely affected. See "Business--Growth Strategy."

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 "--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 "--Management of 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 "--Management of 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 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 "---Competition" 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 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 "---Competition" and "Business--Technology."

COMPETITION. The market in which the Company competes is highly competitive and fragmented. The Company expects competition to persist and intensify in the future. The Company's competitors include small firms offering specific applications, divisions of large entities, large independent firms and, most significantly, the in-house operations of clients or potential clients. A number of competitors have or may

develop greater capabilities and resources than those of the Company. Similarly, there can be no assurance that additional competitors with greater resources than the Company will not enter the Company's market. Because the Company's primary competitors are the in-house operations of existing or potential clients, the Company's performance and growth could be negatively impacted if its existing clients decide to provide in-house customer care services that currently are outsourced or if potential clients retain or increase their in-house customer service and product support capabilities. 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."

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

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

**CONTROL BY PRINCIPAL STOCKHOLDER.** Following completion of the Offering, Kenneth D. Tuchman, the Company's Chairman, President and Chief Executive Officer, will beneficially own approximately 72.1% of the outstanding shares of Common Stock (approximately 70.4% if the Underwriters' over-allotment is exercised in full). As a result, Mr. Tuchman will continue to be able to elect the entire Board of Directors of the Company and to control substantially all other matters requiring action by the Company's stockholders. Such voting concentration may have the effect of discouraging, delaying or preventing a change in control of the Company. See "Principal and Selling Stockholders."

**NO PRIOR PUBLIC MARKET AND POSSIBLE VOLATILITY OF STOCK PRICE.** Prior to the Offering, there has been no public market for the Common Stock, and there can be no assurance that an active public market for the Common Stock will develop or be sustained after the Offering. The initial public offering price of the Common Stock offered hereby was determined by negotiations between the Company and the Underwriters based upon several factors. See "Underwriters" for a discussion of the factors considered in determining the initial public offering price. The market price of the Common Stock is likely to be highly volatile and could be subject to wide fluctuations in response to quarterly variations in operating results, announcements of new contracts or contract cancellations, announcements of technological innovations or new products or services by the Company or its competitors, changes in financial estimates by securities analysts or other events or factors. In addition, the stock market has experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that have often been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. Any such litigation instigated against the Company could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, results of operations or financial condition.

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

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



## 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 \$56,412,500, 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 June 15, 1996, a total of \$8.5 million was outstanding under this line of credit, bearing interest at rates ranging from 6.69% 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(4)
Long-term debt, net of current portion (1).....	\$ 6,536	\$ 6,536	\$ 6,536
Mandatorily redeemable convertible preferred stock, par value \$6.45 per share (2).....	13,079	--	--
Stockholders' equity:			
Common stock, par value \$.01 per share (3).....	417	510	550
Additional paid-in capital.....	7,067	20,053	76,425
Cumulative translation adjustment.....	141	141	141
Unearned compensation--restricted stock.....	(380)	(380)	(380)
Retained earnings.....	2,584	2,584	2,584
Total stockholders' equity.....	9,829	22,908	79,320
Total capitalization.....	\$ 29,444	\$ 29,444	\$ 85,856

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

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

(3) Does not include 7,750,000 shares reserved for issuance upon exercise of outstanding options, and additional options the Company plans to grant prior to the closing of the Offering, under the Option Plan and the Directors Option Plan. At June 15, 1996, options to acquire 4,559,845 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 \$4.56 per share and \$5.00 per share, respectively. See "Management--Compensation of Directors," "Management--Executive Compensation," "--TeleTech Stock Option Plan."

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

# 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 \$73,048,326, or \$1.33 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 \$14.17 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.....	1.00	
	-----	
Pro forma net tangible book value per share after the Offering.....		\$ 1.33
		-----
Dilution per share to new investors.....		\$ 14.17
		-----
		-----

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 June 15, 1996, there were outstanding options to purchase an aggregate of 4,559,845 shares of Common Stock under the Option Plan, at a weighted average price of \$4.56 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 753,125 shares of Common Stock were exercisable as of June 15, 1996. See "Management--Stock Option Plan" and "Management--Compensation of Directors."

The following table sets forth as of June 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	100%	\$ 116,077,000	100%	
	-----	-----	-----	-----	-----

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, ----- 1993 -----		ELEVEN MONTHS ENDED DECEMBER 31, 1993 -----	YEAR ENDED DECEMBER 31, ----- 1994 -----		1995 -----	THREE MONTHS ENDED MARCH 31, ----- 1995 ----- 1996 -----	
	1992 ----- (UNAUDITED)						PRO FORMA (1) YEAR ENDED DECEMBER 31, 1995 ----- (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)	(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).....	\$ 61,792
Total assets.....	102,367
Long-term debt, net of	
current portion.....	6,536
Total stockholders'	
equity.....	79,321

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- (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 \$5.6 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

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(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--Management of 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. 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" 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

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- (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.

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.

#### 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 June 15, 1996, outstanding borrowings under this facility were \$8.5 million, which accrue interest at rates varying from 6.69% 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 March 31, 1996, amounts outstanding under this agreement were approximately \$3.4 million. Lease rates under this agreement are based upon a 125 basis points spread over 3-year U.S. Treasury notes. Under the second agreement, the Company's borrowings are approved, and specific terms are set, on a case-by-case basis. As of March 31, 1996, the total amount outstanding under this agreement was approximately \$921,855.

Cash provided by operating activities was \$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 June 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 more recently from Call Centers leased and equipped by its clients ("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 June 15, 1996, TeleTech owned, leased or managed seven Call Centers in the United States and one in each of the United Kingdom, Australia and New Zealand equipped with a total of 4,660 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. Industry sources estimate that telephone-based direct marketing expenditures were \$80 billion in 1995 with roughly 95% of the industry comprised of captive (in-house) telemarketing organizations. Management believes that large corporations are increasingly outsourcing their telephone-based marketing and customer 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. 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 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 leverage its technological capabilities on the Internet and is exploring business opportunities related to new interactive media.

**TRANSPORTATION.** TeleTech's Transportation SBU provides a variety of services to clients in the package delivery and travel industries. In October 1995, TeleTech was awarded a contract to manage several Call Centers and provide customer service and support on behalf of United Parcel Service, one of the nation's largest parcel delivery companies. Under its five-year contract, TeleTech 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 multi-year contract to staff and manage three United Parcel Service customer service telephone centers and was granted the option to manage a fourth facility if United Parcel Service requires additional capacity. By April 1996, TeleTech began operating Call Centers in Tucson, Arizona and Greenville, South Carolina. 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.

#### 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 June 15, 1996, TeleTech leased seven 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 two Company-owned Call Centers and three United Parcel Service-owned Call Centers, including a total of approximately 3,200 workstations.

The Company's existing U.S. Call Centers range in size from 42,000 to 56,000 square feet and contain between 354 and 580 workstations. 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 June 15, 1996, TeleTech had 4,419 employees. Of its total employees, 2,815 were full-time Representatives, constituting 85.4% 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--Risks Associated with 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--Risks Associated with 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, 588 workstation Call Center. As of June 15, 1996, TeleTech leased (unless otherwise noted) and operated the following Call Centers, containing an aggregate of approximately 225,000 square feet:

LOCATION	YEAR OPENED OR ACQUIRED	NUMBER OF PRODUCTION WORKSTATIONS	NUMBER OF TRAINING WORKSTATIONS (1)	TOTAL NUMBER OF WORKSTATIONS
U.S. CALL CENTERS				
Sherman Oaks, California.....	1985	504	76 (2)	580
Denver, Colorado.....	1993	418	170	588
Burbank, California.....	1995	354	66	420
Thornton, Colorado.....	1996	456	58	514
INTERNATIONAL CALL CENTERS (3)				
Sydney, Australia.....	1996	94	10	104
London, United Kingdom (4).....	1996	178	12	190
Auckland, New Zealand.....	1996	24	3	27
MANAGED ON BEHALF OF UNITED PARCEL SERVICE				
Greenville, South Carolina.....	1996	660	90	750
Tucson, Arizona.....	1996	648	95	743
Tampa, Florida.....	1996	672	72	744
		----	----	----
Total number of workstations.....		4,008	652	4,660
		----	---	----
		----	---	----

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

(2) All of these training workstations are temporarily being used in production.

(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 by the end of 1996. Pursuant to its agreement with United Parcel Service, if United Parcel Service opens a fourth call center, TeleTech has the option to staff and manage such Call Center.

The Company believes that its existing Call Centers are suitable and adequate for its current operations 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--Management of 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, 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 June 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 \$9.00 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 June 15, 1996, Options to acquire an aggregate of 4,559,845 shares of Common Stock and 76,000 shares of restricted stock were outstanding. Prior to the closing of the Offering, the Company intends to grant options under the Option Plan to acquire an aggregate of 264,485 shares of Common Stock at the initial public offering price. No SARs or phantom stock have been issued under the Option Plan.

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



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

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

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

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

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

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

#### 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 perquisites specified therein. Under the terms of his agreement, Mr. Tuchman is prohibited, during his employment and for three years thereafter, from disclosing any confidential information or trade secrets of TeleTech. Mr. Tuchman also is prohibited, during his employment and for three years after the Company terminates his employment for Good Cause (as defined therein) or Mr. Tuchman voluntarily terminates his employment with the Company, from engaging in any business, or becoming employed by or otherwise rendering services to any company (other than TeleTech) that has as its primary business inbound or outbound teleservices. The agreement provides that if TeleTech terminates Mr. Tuchman's employment for Good Cause, TeleTech will pay Mr. Tuchman his salary as accrued through the date of termination. If TeleTech terminates Mr. Tuchman's employment without Good Cause, TeleTech will pay to him the lesser of (i) the sum of his salary as accrued through the date of termination, his performance bonus, prorated for any portion of the year remaining and calculated as if TeleTech had achieved its performance goals, and the present value of all payments that otherwise would have been made to him during the remainder of the Term, calculated as if TeleTech had achieved its performance goals, or (ii) three times the aggregate salary and performance bonus earned by him in the immediately preceding year.

TeleTech entered into an employment agreement with Joseph D. Livingston as Senior Vice President and Chief Operating Officer of TeleTech effective January 1, 1995. Pursuant to the agreement, as amended, Mr. Livingston is entitled to receive an annual base salary of \$160,000 for 1995 and \$250,000 for 1996 and thereafter and also is eligible to receive an annual performance bonus based upon TeleTech's achievement of certain predetermined performance goals. TeleTech also has granted Mr. Livingston options to purchase 750,000 and 75,000 shares of Common Stock at an exercise price of \$1.29 and \$8.00 per share, respectively, which options vest over three 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 a three year employment agreement commencing on October 2, 1995 with Steven B. Coburn. Pursuant to the agreement, Mr. Coburn serves as Chief Financial Officer of the Company and is entitled to receive an annual base salary of \$120,000 for 1995 and, commencing January 1, 1996, an annual base salary of \$135,000. Mr. Coburn also is eligible to receive an annual performance bonus of not more than twenty-five percent of his salary upon the Company's achievement of certain predetermined

performance goals. The Company has granted Mr. Coburn options to purchase 250,000 shares of Common Stock at an exercise price of \$2.00 per share, which options vest over a period of five years beginning with the thirteenth month of his employment. The agreement prohibits Mr. Coburn from disclosing any confidential information or trade secrets of the Company. Mr. Coburn also is prohibited, during his employment and for three years after the Company terminates his employment for Good Cause (as defined therein) or Mr. Coburn voluntarily terminates his employment with the Company, from engaging in any business, or becoming employed by or otherwise rendering services to any company (other than TeleTech), that has as its primary business inbound or outbound teleservices or technological innovation or support with respect thereto.

#### LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

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

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

#### CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to 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 three months ended March 31, 1996, TeleTech charged Midway an aggregate of \$1,291,862 and \$600,904, respectively, for services rendered by TeleTech. As of December 31, 1995 and March 31, 1996, the total amounts due from Midway for services rendered by TeleTech were \$535,845 and \$570,274, respectively, of which \$354,526 and \$462,958, respectively, were past due. TeleTech has continued to provide reservations call handling services to Midway in the current fiscal year.

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

TeleTech has agreed to pay, prior to the closing of the Offering, 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.

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 and consistent with the provisions of the Access 24 Agreement, the following agreements were reached and will be effected 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 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 June 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	72.1%
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 70.4% 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.
- (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 June 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 51,046,240 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 55,046,240 shares of Common Stock outstanding, assuming 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 48,826,240 shares will be "restricted securities" within the meaning of Rule 144 promulgated under the Securities Act. Of these restricted securities, approximately 48,451,280 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 550,462 shares immediately after the Offering); or (ii) the average weekly trading volume of the Common Stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain "manner of sale" provisions and notice requirements and to the availability of current public information about TeleTech. Under Rule 144(k), a person who is not deemed to have been an affiliate of TeleTech at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least three years (including, in certain circumstances, the holding period of a prior owner), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144; therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of the Offering.

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

Following the Offering, the Company intends to file under the Securities Act one or more registration statements on Form S-8 to register all of the shares of Common Stock (i) subject to outstanding options and reserved for future option grants under the Option Plan and 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 June 15, 1996, outstanding options to acquire an aggregate of 753,125 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 7,625,000 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 633,610 shares of Common Stock that will be held by the Common Stockholders after the Offering. An aggregate of 220,000 shares are being registered by the Common Stockholders in 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 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.

#### 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. In connection with the Offering, certain attorneys of Neal, Gerber &

Eisenberg 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 and other persons associated with the Company. Certain legal matters in connection with the Offering will be passed upon for the Underwriters by Katten Muchin & Zavis, Chicago, Illinois.

#### EXPERTS

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

The financial statements of TeleTech as of December 31, 1993 and for the 11 month period ended December 31, 1993 included in this Prospectus and elsewhere in the Registration Statement have been audited by Gumbiner, Savett, Finkel, 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.



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TELETECH HOLDINGS, INC.

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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Santa Monica, California  
April 13, 1994.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To TeleTech Holdings, Inc.:

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

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

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

ARTHUR ANDERSEN LLP

Denver, Colorado,  
February 10, 1996.

TELETECH HOLDINGS, INC.  
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED BALANCE SHEETS

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

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

TELETECH HOLDINGS, INC.  
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31		MARCH 31, 1996 (UNAUDITED)	PRO FORMA MARCH 31, 1996 (UNAUDITED) (NOTE 1)
	1994	1995		
CURRENT LIABILITIES:				
Bank overdraft.....	\$ 560,490	\$ 1,427,017	\$ --	
Short term borrowings (Note 6).....	638,635	1,000,000	3,500,000	
Current portion of capital lease obligations (Note 4).....	401,001	1,255,966	2,129,440	
Current portion of other long-term debt (Note 5).....	624,483	195,660	189,443	
Current portion of subordinated notes payable to stockholder (Note 7).....	145,299	--	--	
Accounts payable.....	1,442,503	2,604,297	4,820,221	
Accrued employee compensation.....	962,664	1,742,915	3,452,438	
Other accrued expenses.....	475,142	1,261,984	4,322,239	
Customer advances and deposits.....	165,756	292,626	537,282	
Deferred income.....	25,683	47,699	560,215	
Total current liabilities.....	5,441,656	9,828,164	19,511,278	
DEFERRED TAX LIABILITIES (Note 8).....	--	507,365	498,790	
LONG-TERM DEBT, net of current portion:				
Capital lease obligations (Note 4).....	911,578	3,192,997	5,408,307	
Subordinated note payable to stockholder (Note 7).....	959,038	--	--	
Other debt (Note 5).....	592,282	396,618	1,127,846	
Total liabilities.....	7,904,554	13,925,144	26,546,221	
COMMITMENTS AND CONTINGENCIES (Note 9)				
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK (Notes 1 and 11):				
\$6.45 par value, 1,860,000 shares authorized, zero, 1,860,000, 1,860,000, and zero shares respectively issued and outstanding (including accrued dividends of zero, \$867,430, \$1,078,645 and zero).....	--	12,867,430	13,078,645	--
STOCKHOLDERS' EQUITY (Note 1):				
Common stock, \$.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
Total stockholders' equity.....	2,197,072	3,790,752	9,829,374	22,908,019
Total liabilities and stockholders' equity.....	\$ 10,101,626	\$ 30,583,326	\$ 49,454,240	

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

TELETECH HOLDINGS, INC.  
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED STATEMENTS OF INCOME

	ELEVEN MONTHS ENDED DECEMBER 31, 1993	YEAR ENDED DECEMBER 31, 1994	1995	THREE MONTHS ENDED MARCH 31, 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.

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## CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

The accompanying notes are an integral part of these statements.

## CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

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TELETECH HOLDINGS, INC.  
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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995  
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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.

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(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

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(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

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

			YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31, ----- 1995                      1996 -----	
	PRO FORMA ELEVEN MONTHS ENDED DECEMBER 31, 1993 ----- (UNAUDITED)	PRO FORMA YEAR ENDED DECEMBER 31, 1994 ----- (UNAUDITED)		(UNAUDITED)	
Common shares outstanding.....	40,700,000	40,700,000	40,700,000	40,700,000	41,746,240
Convertible preferred stock.....	--	--	9,300,000	9,300,000	9,300,000
Common equivalent shares.....	3,142,557	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

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(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, ----- 1994      1995 -----		THREE MONTHS ENDED MARCH 31, ----- 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

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(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
	-----	-----	-----
	9,321,592	15,163,125	23,296,117
Less--Accumulated depreciation.....	(3,935,136)	(6,059,424)	(6,987,766)
	-----	-----	-----
	\$ 5,386,456	\$ 9,103,701	\$ 16,308,351
	-----	-----	-----

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

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



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(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
	-----	-----
	5,125,485	8,313,256
Less--Amount representing interest.....	(676,522)	(775,509)
	-----	-----
	4,448,963	7,537,747
Less--Current portion of capital lease obligations.....	(1,255,966)	(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.

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(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
	(624,483)	(195,660)	(189,443)
Less--Current portion.....	\$ 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

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(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.

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(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

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(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:

	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.

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(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.

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(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:

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(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		
	WEIGHTED AVERAGE PRICE PER SHARE	WEIGHTED AVERAGE PRICE PER SHARE		
Outstanding at beginning of period.....	--	2,355,000	\$ 1.90	
Grants during period.....	2,355,000	803,440	\$ 5.25	
Outstanding at end of period.....	2,355,000	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

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(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.

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

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 -----		TEN MONTHS ENDED DECEMBER 31, 1995 ----- A\$ (NOTE 22)
		YEAR ENDED FEBRUARY 28, 1995 ----- A\$	
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.



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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.

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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.

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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  
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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  
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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	
		DECEMBER 31 1995			
		(NOTE 22)	A\$	A\$ (NOTE 22)	FEBRUARY 28, 1995
					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.

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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

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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  
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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  
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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
--Balance at end of period.....	7,288	17,236



ACCESS 24 SERVICE CORPORATION PTY LIMITED AND CONTROLLED ENTITIES  
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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.

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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)

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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	VOLUME
			FEBRUARY 28, 1995	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:

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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  
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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 ----- A\$	TEN MONTHS ENDED DECEMBER 31, 1995 ----- 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.

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.

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

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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."

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

-----  
MORGAN STANLEY & CO.  
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.....	85,000
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.....	\$1,400,000
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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 June 15, 1996, TeleTech granted to certain of its officers, employees, consultants and independent contractors options to acquire an aggregate of 4,968,500 shares of Common Stock. All of such options were granted pursuant to option agreements between TeleTech and each option holder and are subject to the terms of the TeleTech Holdings, Inc. Stock Plan ("Option Plan").

On January 1, 1996, TeleTech acquired all of the outstanding capital stock of Access 24 Service Corporation Pty Limited, a corporation incorporated under the laws of New South Wales, Australia ("Access 24"). As consideration for such capital stock, TeleTech issued 712,520 shares of Common Stock to Bevero Pty Limited and paid \$2.27 million and issued 257,720 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. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Denver, Colorado on July 5, 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. 2 TO THE REGISTRATION STATEMENT HAS BEEN SIGNED ON JULY 5, 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*	Amended and Restated Investment Agreement dated as of May , 1996 among TeleTech, TeleTech Investors General Partnership, Alan Silverman, Susan Silverman and Jack Silverman
4.2	Stock Transfer and Registration Rights Agreement dated as of January 1, 1996 among TeleTech, Access 24 Holdings Pty Limited, Bevero Pty Limited and Access 24 Service Corporation Pty Limited
4.3*	Specimen Common Stock Certificate
5.1	Opinion of Neal, Gerber & Eisenberg, counsel to TeleTech
10.1**	Employment Agreement dated as of January 1, 1995 between Kenneth D. Tuchman and TeleTech
10.2**	Employment Agreement dated as of January 1, 1995 between Joseph D. Livingston and TeleTech (the "Livingston Employment Agreement")
10.3	Amendment to the Livingston Employment Agreement dated May 14, 1996
10.4*	Employment Agreement dated as of September 30, 1995 between Steven B. Coburn and TeleTech
10.5**	Preferred Stock Purchase Agreement dated as of December 22, 1994 among TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc., TeleTech, TeleTech Investors General Partnership and Essaness Theaters Corporation
10.6	Subscription and Shareholders Agreement dated April 30, 1996 among TeleTech, Access 24 Limited and Priplan Investments Limited
10.7**	TeleTech Holdings, Inc. Stock Plan
10.8	TeleTech Holdings, Inc. 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 between Sam Menlo, d/b/a Menlo Enterprises 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
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.

EXHIBIT NO.	DESCRIPTION
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

- -----  
 \*To be filed by amendment.  
 \*\*Previously filed

6,100,000 Shares

TELETECH HOLDINGS, INC.

COMMON STOCK, \$.01 PAR VALUE

FORM OF

UNDERWRITING AGREEMENT

\_\_\_\_\_, 1996  
\_\_\_\_\_, 1996

Morgan Stanley & Co. Incorporated  
Alex. Brown & Sons Incorporated  
Smith Barney Inc.  
c/o Morgan Stanley & Co. Incorporated  
1585 Broadway  
New York, New York 10036

Morgan Stanley & Co. International Limited  
Alex. Brown & Sons Incorporated  
Smith Barney Inc.  
c/o Morgan Stanley & Co. International Limited  
25 Cabot Square  
Canary Wharf  
London E 14 4 Q A  
England

Dear Sirs:

TeleTech Holdings, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several Underwriters (as defined below), and Kenneth D. Tuchman ("Tuchman"), TeleTech Investors General Partnership ("TIGP"), Hinsdale Corporation Sdn Berhard ("Hinsdale"), a Malaysian corporation, and Jack Silverman ("Silverman" and, together with Tuchman, TIGP and Hinsdale the "Selling Stockholders") severally propose to sell to the several Underwriters, an aggregate of 6,100,000 shares of the common stock, \$.01 par value per share, of the Company (the "Firm Shares"), of which 4,000,000 shares are to be issued and sold by the Company and 2,100,000 shares are to be sold by the Selling Stockholders, each Selling Stockholder selling the amount set forth opposite such Selling Stockholder's name in Schedule III hereto. Hinsdale and Silverman are hereinafter sometimes collectively referred to as the "Outside Selling Stockholders", and Tuchman, Hinsdale and Silverman are hereinafter sometimes collectively referred to as the "Non-TIGP Selling Stockholders." All share amounts in this Agreement reflect (i) a five-for-one split of the Company's common stock, by a 400% stock dividend (the "Split"), and (ii) the conversion of all outstanding shares of the Company's preferred stock, \$6.45 par value per share (the "Preferred Stock"), into 9,300,000 shares of the Company's common stock (the "Conversion"), each of which shall be effected immediately prior to the consummation of the transactions contemplated hereby.

It is understood that, subject to the conditions hereinafter stated, 4,880,000 Firm Shares (the "U.S. Firm Shares") will be sold to the several U.S. Underwriters named in Schedule I hereto (the "U.S. Underwriters") in connection with the offering and sale of such U.S. Firm

Shares in the United States and Canada to United States and Canadian Persons (as such terms are defined in the Agreement Between U.S. and International Underwriters of even date herewith (the "International Agreement")), and 1,220,000 Firm Shares (the "International Shares") will be sold to the several International Underwriters named in Schedule II hereto (the "International Underwriters") in connection with the offering and sale of such International Shares outside the United States and Canada to persons other than United States and Canadian Persons. Morgan Stanley & Co. Incorporated, Alex. Brown & Sons Incorporated and Smith Barney Inc. shall act as representatives (the "U.S. Representatives") of the several U.S. Underwriters, and Morgan Stanley & Co. International Limited, Alex. Brown & Sons Incorporated and Smith Barney Inc. shall act as representatives (the "International Representatives") of the several International Underwriters. The U.S. Underwriters and the International Underwriters are hereinafter collectively referred to as the "Underwriters."

Tuchman also proposes to sell to the several U.S. Underwriters not more than an additional 915,000 shares of the Company's common stock, \$.01 par value per share (the "Additional Shares"), if and to the extent that the U.S. Representatives shall have determined to exercise, on behalf of the U.S. Underwriters, the right to purchase such shares of common stock granted to the U.S. Underwriters in Section 3 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "Shares." The shares of common stock, \$.01 par value per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "Common Stock." The Company and the Selling Stockholders are hereinafter sometimes collectively referred to as the "Sellers."

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement relating to the Shares. The registration statement contains two prospectuses to be used in connection with the offering and sale of the Shares: the U.S. prospectus, to be used in connection with the offering and sale of Shares in the United States and Canada to United States and Canadian Persons, and the international prospectus, to be used in connection with the offering and sale of Shares outside the United States and Canada to persons other than United States and Canadian Persons. The international prospectus is identical to the U.S. prospectus except for the outside front cover page. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the "Securities Act"), is hereinafter referred to as the "Registration Statement;" the U.S. prospectus and the international prospectus in the respective forms first used to confirm sales of Shares are hereinafter collectively referred to as the "Prospectus." If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (the "Rule 462 Registration Statement"), then any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462 Registration Statement.

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to and agrees with each of the Underwriters that:



(a) The Registration Statement has become effective, no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose are pending before or, to the knowledge of the Company, threatened by the Commission.

(b) (i) Each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this Section 1(b) do not apply to statements or omission in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(d) Each subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing could not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(e) As of the Closing Date, the authorized capital stock of the Company will conform as to legal matters to the description thereof contained in the Prospectus.

(f) The shares of Common Stock and shares of Preferred Stock outstanding on the date of this Agreement (including the shares of Preferred Stock and shares of Common Stock owned by the Selling Stockholders) have been duly authorized and are validly issued, fully paid and non-assessable, and upon consummation of the Split and the Conversion,

the shares of Common Stock outstanding prior to the issuance of the Shares by the Company (including the Shares to be sold by the Selling Stockholders) will be duly authorized, validly issued, fully paid and non-assessable.

(g) As of the Closing Date, the Split and the Conversion will have been consummated and the Company's Restated Certificate of Incorporation, as described in the Prospectus, will have been duly adopted and filed with the State of Delaware.

(h) The Shares to be sold by the Company have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights.

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(j) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(k) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement).

(l) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(m) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the rules and regulations of the Commission thereunder.

(n) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(o) The Company and its subsidiaries are (i) in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(p) The Company has complied with all provisions of Section 517.075 Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

(q) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement, except in each case as described in the Prospectus.

(r) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, (i) the Company and its subsidiaries have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction not in the ordinary course of business; (ii) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its consolidated subsidiaries, except in each case as described in or contemplated by the Prospectus.

(s) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the

Company and its subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and facilities held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries, in each case except as described in or contemplated by the Prospectus.

(t) The Company and its subsidiaries own or possess, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by them in connection with the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in any material adverse change in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole.

(u) No material labor dispute with the employees of the Company or any of its subsidiaries exists, except as described in or contemplated by the Prospectus, or, to the knowledge of the Company, is imminent.

(v) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its subsidiaries are engaged; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition, financial or otherwise, or the earnings, business or operations of the Company and its subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

(w) The Company and its subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition,

financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

(x) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

2. REPRESENTATIONS AND WARRANTIES OF THE SELLING STOCKHOLDERS. Each of the Selling Stockholders, severally and not jointly, represents and warrants to and agrees with each of the Underwriters that:

(a) This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder.

(b) The execution and delivery by such Selling Stockholder of, and the performance of such Selling Stockholder of its obligations under, this Agreement, the Custody Agreement signed by such Selling Stockholder and \_\_\_\_\_, as Custodian, relating to the deposit of the Shares to be sold by such Selling Stockholder (the "Custody Agreement"), and the Power of Attorney appointing certain individuals as such Selling Stockholder's attorneys-in-fact to the extent set forth therein, relating to the transactions contemplated hereby and by the Registration Statement (the "Power of Attorney"), will not contravene any provision of applicable law, the articles or certificate of incorporation or by-laws of such Selling Stockholder (if such Selling Stockholder is a corporation), the partnership agreement of such Selling Stockholder (if such Selling Stockholder is a partnership), or the trust agreement of such Selling Stockholder (if such Selling Stockholder is a trust), or any other agreement or instrument binding upon such Selling Stockholder or any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Stockholder, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by such Selling Stockholder of its obligations under this Agreement or the Custody Agreement or Power of Attorney of such Selling Stockholder, except such as may be required by the federal securities laws of the United States or the Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(c) Such Selling Stockholder has valid title to the shares of Common Stock or shares of Preferred Stock which will split in the Split or convert in the Conversion (as applicable) into the Shares to be sold by such

Selling Stockholder; and on the Closing Date such Selling Stockholder will have valid title to the Shares to be sold by such Selling Stockholder; and such Selling Stockholder has, and on the Closing Date will have, the legal right and power, and all authorization and approval required by law, to enter into this Agreement, the Custody Agreement and the Power of Attorney and to sell, transfer and deliver the Shares to be sold by such Selling Stockholder; provided, however, that such Selling Stockholder makes no representation with respect to authorization or approval required under the federal securities laws of the United States or the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(d) The Custody Agreement and the Power of Attorney have been duly authorized, executed and delivered by such Selling Stockholder and are valid and binding agreements of such Selling Stockholder.

(e) Assuming the Underwriters purchase such Shares for value, in good faith and without notice of any adverse claim, delivery of the Shares to be sold by such Selling Stockholder pursuant to this Agreement will pass title to such Shares free and clear of any security interests, claims, liens, equities and other encumbrances.

2A. ADDITIONAL REPRESENTATIONS AND WARRANTIES OF TUCHMAN. Tuchman represents and warrants to and agrees with each of the underwriters that (i) the Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this Section 2A do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you, or information relating to any other Selling Stockholder furnished to the Company in writing by such Selling Stockholder, expressly for use therein.

2B. ADDITIONAL REPRESENTATIONS AND WARRANTIES OF TIGP. TIGP represents and warrants to and agrees with each of the Underwriters that (i) such parts of the Registration Statement as specifically refer to TIGP and, to the knowledge of TIGP, all other parts of the Registration Statement, when the Registration Statement became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) such parts of the Prospectus as specifically refer to TIGP and, to the knowledge of TIGP, all other parts of the Prospectus do not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and

warranties set forth in this Section 2B do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein. For purposes of this Section 2B, the "knowledge of TIGP" means the actual knowledge of Tim Callahan, Rod Dammeyer, William Pate, Gregory Robtaille, Sheli Rosenberg, Richard Weingarten or Samuel Zell.

2C. ADDITIONAL REPRESENTATIONS AND WARRANTIES OF THE OUTSIDE SELLING STOCKHOLDERS. Each of the Outside Selling Stockholders, severally and not jointly, represents and warrants to and agrees with each of the Underwriters that (i) such parts of the Registration Statement as specifically refer to such Outside Selling Stockholder, when the Registration Statement became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) such parts of the Prospectus as specifically refer to such Outside Selling Stockholder do not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. AGREEMENTS TO SELL AND PURCHASE. Each Seller, severally and not jointly, hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agree, severally and not jointly, to purchase from such Seller at \$\_\_\_\_\_ a share (the "Purchase Price") the number of Firm Shares (subject to such adjustments to eliminate fractional shares as you may determine) that bears the same proportion to be sold by such Seller as the number of Firm Shares set forth in Schedules I and II hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, Tuchman agrees to sell to the U.S. Underwriters the Additional Shares, and the U.S. Underwriters shall have a one-time right to purchase, severally and not jointly, up to 937,500 Additional Shares at the Purchase Price. Such date may be the same as the Closing Date (as defined below) but not earlier than the Closing Date nor later than ten business days after the date written notice of an election to purchase Additional Shares is given. If the U.S. Representatives, on behalf of the U.S. Underwriters, elect to exercise such option, the U.S. Representatives shall so notify the Company in writing not later than 30 days after the date of this Agreement which notice shall specify the number of Additional Shares to be purchased by the U.S. Underwriters and the date on which such Additional Shares are to be purchased. Additional Shares may be purchased as provided in Section 5 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. If any Additional Shares are to be purchased, each U.S. Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as the U.S. Representatives may determine) that bears the same proportion to the total number of Additional Shares to be purchased as the number of U.S. Firm Shares set forth in Schedule I hereto opposite the name of such U.S. Underwriter bears to the total number of U.S. Firm Shares. The Additional Shares to be purchased by the U.S. Underwriters hereunder and the U.S. Firm Shares are hereinafter collectively referred to as the "U.S. Shares."

Each Seller hereby agrees that, without the prior written consent of Morgan Stanley & Co. Incorporated, it will not, during the period ending 180 days after the date of the Prospectus, (i) 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 (whether such shares of Common Stock or any such securities are now owned or hereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof of which the Underwriters have been advised in writing, (C) the grant by the Company of options pursuant to the TeleTech Holdings, Inc. Stock Plan and the TeleTech Holdings, Inc. Directors Stock Option Plan (collectively, the "Plans"), as the Plans are described in the Prospectus or (D) the distribution by TIGP on the Closing Date (as hereinafter defined) of shares of Common Stock to its partners (the "TIGP Distribution"), provided that, prior to the date of the TIGP Distribution, all such partners shall have executed "lock-up" agreements substantially in the form of Exhibit A hereto. In addition, each Selling Stockholder, agrees that, without the prior written consent of the U.S. Representatives, it will not, during the period ending 180 days after the date of the Prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock.

4. TERMS OF PUBLIC OFFERING. The Sellers are advised by you that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Sellers are further advised by you that the Shares are to be offered to the public initially at U.S.\$\_\_\_\_\_ a share (the "Public Offering Price") and to certain dealers selected by you at a price that represents a concession not in excess of U.S.\$\_\_\_\_\_ a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of U.S.\$\_\_\_\_\_ a share, to any Underwriter or to certain other dealers.

Each U.S. Underwriter hereby makes to, and with, the Company and the Selling Stockholders the representations and agreements of such U.S. Underwriter contained in the fifth and sixth paragraphs of Article III of the International Agreement. Each International Underwriter hereby makes to and with the Company and the Selling Stockholders the representations and agreements of such International Underwriter contained in the seventh, eighth, ninth and tenth paragraphs of Article III of the International Agreement.



5. PAYMENT AND DELIVERY. Payment for the Firm Shares to be sold by each Seller shall be made to such Seller in Federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 A.M., New York City time, on \_\_\_\_\_, 1996, or at such other time on the same or such other date, not later than \_\_\_\_\_, 1996, as shall be designated in writing by you.

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The time and date of such payment are hereinafter referred to as the "Closing Date."

Payment for any Additional Shares shall be made to Tuchman in Federal or other funds immediately available in New York City against delivery of such Additional Shares for the respective accounts of the several Underwriters at 10:00 A.M., New York City time, on the date specified in the notice described in Section 3 or on such other date, in any event not later than \_\_\_\_\_, 1996, as shall be designated in writing by the U.S. Representatives. The time and date of such payment are hereinafter referred to as the "Option Closing Date."

Certificates for the Firm Shares and Additional Shares shall be in definitive form and registered in such names and in such denominations as you shall request in writing not later than two full business days prior to the Closing Date or the Option Closing Date, as the case may be. The certificates evidencing the Firm Shares and Additional Shares shall be delivered to you on the Closing Date or the Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

6. CONDITIONS TO THE UNDERWRITERS' OBLIGATIONS. The obligations of the Sellers to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date hereunder are subject to the condition that the Registration Statement shall have become effective not later than \_\_\_\_\_ (New York time) on the date hereof.

The several obligations of the Underwriters hereunder are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus; and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review of a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g) (2) under the Securities Act.

(b) The Underwriters shall have received on the Closing Date (x) a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in clause (ii) of Section 6(a) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date, and (y) a certificate of each Selling Stockholder to the effect that the representations and warranties of such Selling Stockholder contained in this Agreement are true and correct as of the Closing Date and that such Selling Stockholder has complied with all of the

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agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The executive officer signing and delivering the certificate for the Company may rely upon the best of his knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion of Neal, Gerber & Eisenberg, counsel for the Company and (for purposes of such opinion and certain other deliveries to the Underwriters) the Non-TIGP Selling Stockholders, dated the Closing Date, to the effect that:

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and, to the knowledge of such counsel, is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole;

(ii) each subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and, to the knowledge of such counsel, is duly qualified to transact business and is in good standing in each

jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole;

(iii) the authorized capital stock of the Company conforms as to legal matters to the description thereof contained in the Prospectus;

(iv) the shares of Common Stock outstanding immediately prior to the issuance of the Shares by the Company (including the Shares to be sold by the Selling Stockholders and the other shares of Common Stock issued in the Split and the Conversion) have been duly authorized and are validly issued, fully paid and non-assessable;

(v) the Shares to be sold by the Company have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights;

(vi) this Agreement has been duly authorized, executed and delivered by the Company;

(vii) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or, to the best of such counsel's knowledge, any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or, to the best of such counsel's knowledge, any judgment or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares by the U.S. Underwriters;

(viii) the statements (A) in the Prospectus under the captions "Description of Capital Stock," and "Shares Eligible for Future Sale" and, "Underwriters" and (B) in the Registration Statement in Items 14 and 15, in each case insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein and in the case of the statements under the caption "Underwriters" only insofar as such statements relate to this Agreement, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

(ix) after due inquiry, such counsel does not know of any legal or governmental proceeding pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required;

(x) the Company is not an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended;

(xi) to the knowledge of such counsel, the Company and TeleTech Communications, Inc., TeleTech Teleservices, Inc. and Access 24 Service Corporation Pty Limited ("Access 24") (A) are in compliance with any and all applicable Environmental Laws, (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole; and

(xii) this Agreement has been duly authorized, executed and delivered by or on behalf of each of the Non-TIGP Selling Stockholders;

(xiii) the execution and delivery by each Non-TIGP Selling Stockholder of, and the performance by such Non-TIGP Selling Stockholder of its obligations under, this Agreement and the Custody Agreement and Powers of Attorney of such Non-TIGP Selling Stockholder will not contravene any provision of applicable law, or the articles or certificate of incorporation or by-laws of such Non-TIGP Selling Stockholder (if such Non-TIGP Selling Stockholder is a corporation) or the trust agreement of such Non-TIGP Selling Stockholder (if such Non-TIGP Selling Stockholder is a trust), or, to the best of such counsel's knowledge, any agreement or other instrument binding upon such Non-TIGP Selling Stockholder or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Non-TIGP Selling Stockholder, and no consent, approval, authorization or order of, or

qualification with, any governmental body or agency is required for the performance by such Non-TIGP Selling Stockholder of its obligations under this Agreement or the Custody Agreement or Power of Attorney of such Non-TIGP Selling Stockholder, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares;

(xiv) each of the Non-TIGP Selling Stockholders is the sole registered owner of the Shares to be sold by such Non-TIGP Selling Stockholder and has the legal right and power, and all authorization and approval required by law, to enter into this Agreement and the Custody Agreement and Power of Attorney of such Non-TIGP Selling Stockholder and to sell, transfer and deliver the Shares to be sold by such Non-TIGP Selling Stockholder;

(xv) the Custody Agreement and the Power of Attorney of each Non-TIGP Selling Stockholder have been duly authorized, executed and delivered by such Non-TIGP Selling Stockholder and are valid and binding agreements of such Non-TIGP Selling Stockholder;

(xvi) assuming the Underwriters purchase such Shares for value, in good faith and without notice of any adverse claim, upon delivery of the Shares to be sold by each Non-TIGP Selling Stockholder pursuant to this Agreement, the Underwriters will acquire all of the rights of such Non-TIGP Selling Stockholder in such Shares free and clear of any security interests, claims, liens, equities and other encumbrances; and

(xvii) such counsel (A) is of the opinion that the Registration Statement and Prospectus (except for financial statements and schedules and other financial and statistical data included therein as to which such counsel need not express any opinion) comply as to form in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (B) believes that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any opinion) the Registration Statement and the Prospectus included therein, at the time the Registration Statement became effective, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (C) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) the Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Underwriters shall have received on the Closing Date an opinion of Rosenberg & Liebentritt PC, counsel for TIGP, dated the Closing Date, to the effect that:

(i) this Agreement has been duly authorized, executed and delivered by or on behalf of TIGP;

(ii) the execution and delivery by TIGP of, and the performance by TIGP of its obligations under, this Agreement and the Custody Agreement and Powers of Attorney of TIGP will not contravene any provision of applicable law, or the partnership agreement of TIGP, or, to the best of such counsel's knowledge, any agreement or other instrument binding upon TIGP or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over TIGP and no consent, approval, authorization or order of, or qualification with, any

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governmental body or agency is required for the performance by TIGP of its obligations under this Agreement or the Custody Agreement or Power of Attorney of TIGP, except such as may be required by the federal securities laws of the United States or the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares;

(iii) TIGP is the sole registered owner of the Shares to be sold by TIGP and has the legal right and power, and all authorization and approval required by law, to enter into this Agreement and the Custody Agreement and Power of Attorney of TIGP and to sell, transfer and deliver the Shares to be sold by TIGP; provided, however, that such counsel need not opine as to authorization or approval required under the federal securities laws of the United States or the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares;

(iv) the Custody Agreement and the Power of Attorney of TIGP have been duly authorized, executed and delivered by TIGP and are valid and binding agreements of TIGP;

(v) assuming the Underwriters purchase such Shares for value, in good faith and without notice of any adverse claim, upon delivery of the Shares to be sold by TIGP pursuant to this Agreement, the Underwriters will acquire all of the rights of TIGP in such Shares free and clear of any security interests, claims, liens, equities and other encumbrances created by, through or under TIGP; and

(vi) such counsel (A) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) such parts of the Registration Statement as specifically refer to TIGP and such parts of the Prospectus included therein as specifically refer to TIGP, at the time the Registration Statement became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (B) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) such parts of the Prospectus as specifically refer to TIGP contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The Underwriters shall have received on the Closing Date an opinion of Katten Muchin & Zavis, special counsel for the Underwriters, dated the Closing Date, covering the matters referred to in clauses (v), (vi) (with regards to authorization, execution and delivery by the Underwriters), (viii) (but only as to the statements in the Prospectus under "Description of Capital Stock" and "Underwriters") and (xvii) of Section 6(c) above.

With respect to clause (xvii) of Section 6(c) above, Neal, Gerber & Eisenberg and Katten Muchin & Zavis, and with respect to clause (vi) of Section 6(d) above, Rosenberg & Liebentritt PC, may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification except as specified. With respect to Section 6(c) above, Neal, Gerber & Eisenberg may rely, with respect to matters involving the application of laws of any jurisdictions other than the laws of the State of New York or the United States or the Delaware General Corporation Law, to the extent such counsel deems appropriate, upon an opinion or opinions of local counsel, provided that (A) each such local counsel is reasonably satisfactory to your counsel, (B) a copy of each opinion so relied upon is delivered to you and is in form and substance reasonably satisfactory to your counsel, and (C) Neal, Gerber & Eisenberg shall state in their opinion that they believe they are justified in relying on each other opinion. With respect to Section 6(c) above, Neal, Gerber & Eisenberg, and with respect to Section 6(d) above, Rosenberg & Liebentritt PC, may rely, with respect to factual matters and to the extent such counsel deems appropriate, upon the representations of each Selling Stockholder contained herein and in the Custody Agreement and Power of Attorney of such Selling Stockholder and in other documents and instruments; provided that copies of such Custody Agreements and Powers of Attorney and of any such other documents and instruments shall be delivered to you and shall be in form and substance satisfactory to your counsel. In addition, with respect to Section 6(c) above, Neal, Gerber & Eisenberg may rely upon an opinion or opinions of counsel for any Non-TIGP Selling Stockholders, provided that (A) each such counsel for the Non-TIGP Selling Stockholders is reasonably satisfactory to your counsel, (B) a copy of each opinion so relied upon is delivered to you and is in form and substance reasonably satisfactory to your counsel, and (D) Neal, Gerber and Eisenberg shall state in their opinion that they believe they are justified in relying on each other opinion.

The opinion of Neal, Gerber & Eisenberg described in Section 6(c) above and the opinion of Rosenberg & Liebentritt PC described in Section 6(d) above (and any other opinions of counsel referred to in the immediately preceding paragraph) shall be rendered to the Underwriters at the request of the Company and/or one or more of the Selling Stockholders, as the case may be, and shall so state therein.

(f) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to you, from Arthur Andersen LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus; provided that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(g) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to you, of Gumbiner, Savett, Finkel, Fingleson & Rose, Inc. (formerly Gumbiner, Savett, Friedman & Rose, Inc.), independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus for the Company's fiscal years ended January 31, 1992 and 1993 and the 11 month period ended December 31, 1993.

(h) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between you and certain stockholders, officers and directors of the Company relating to sales of shares of Common Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date.

The several obligations of the U.S. Underwriters to purchase Additional Shares hereunder are subject to the delivery to the U.S. Representatives on the Option Closing Date of such documents as they may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Shares and other matters related to the issuance of the Additional Shares.

7. COVENANTS OF THE COMPANY. In further consideration of the agreements of the Underwriters herein contained, the Company covenants with each Underwriter as follows:

(a) To furnish to you, without charge, seven signed copies of the Registration Statement (including exhibits thereto) and for delivery to



each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to you in New York City, without charge, prior to 10:00 a.m. local time on the business day next succeeding the date of this Agreement and during the period mentioned in paragraph (c) below, as many copies of the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such rule.

(c) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of your counsel, it is necessary to amend or supplement the Prospectus to comply with law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law.

(d) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request; PROVIDED, HOWEVER, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not currently so qualified.

(e) To make generally available to the Company's security holders and to you as soon as practicable an earning statement covering the twelve-month period ending September 30, 1997 that satisfies the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(f) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated and except as provided in Section 8 entitled "Expenses of Selling Stockholders," to pay or cause to be paid all expenses incident to the performance of the obligations of the Company and the Selling Stockholders under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the

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Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 7(d) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and reasonable disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the National Association of Securities Dealers, Inc., (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the Nasdaq National Market and other national securities exchanges and foreign stock exchanges, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, reasonable fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, and (ix) all other reasonable costs and expenses incident to the performance of the obligations of the Company and the Selling Stockholders hereunder for which provision is not otherwise made in this Section or Section 8. It is understood, however, that except as provided in this Section, Section 9 entitled "Indemnity and Contribution", and the last paragraph of Section 11 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

8. EXPENSES OF SELLING STOCKHOLDERS. Each Selling Stockholder, severally and not jointly, agrees to pay or cause to be paid (i) all taxes, if any, on the transfer and sale of the Shares being sold by such Selling Stockholder, and (ii) the fees, disbursements and expenses of counsel for such Selling Shareholder, if other than Neal, Gerber & Eisenberg.

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9. INDEMNITY AND CONTRIBUTION.

(a) The Company, Tuchman and TIGP agree, jointly and severally, to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by 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, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein; PROVIDED, HOWEVER, that, with respect to any untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus, the foregoing indemnity agreement shall not inure to the benefit of any

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Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased the Shares concerned, or any person controlling such Underwriter, to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that a copy of the Prospectus (or Prospectus as amended or supplemented) was not sent or given to such person, if required by the Securities Act so to have been delivered, at or prior to the written confirmation of the sale of such Shares to such person and the untrue statement or alleged untrue statement or omission or alleged omission was corrected in such Prospectus (or Prospectus as amended or supplemented), if the Company had previously furnished copies of such Prospectus (or Prospectus as amended or supplemented) to such Underwriter. Notwithstanding the foregoing, TIGP shall not be required to provide indemnification under this Section 9(a) with respect to any losses, claims, damages or liabilities, unless (i) a court of competent jurisdiction shall determine that any of Tim Callahan, Rod Dammeyer, William Pate, Gregory Robitaille, Sheli Rosenberg and Samuel Zell had actual knowledge of the untrue statement or omission or alleged untrue statement or omission which caused such losses, claims, damages or liabilities or (ii) such losses, claims, damages or liabilities are caused by an untrue statement or omission or alleged untrue statement or omission in such parts of the Registration Statement or Prospectus as specifically refer to TIGP.

(b) Each Outside Selling Stockholder agrees, severally and not jointly, to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including,

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without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by 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, but only with reference to information relating to such Outside Selling Stockholder furnished in writing by or on behalf of such Outside Selling Stockholder expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto; PROVIDED, HOWEVER, that, with respect to any untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus, the foregoing indemnity agreement shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased the Shares concerned, or any person controlling such Underwriter, to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that a copy of the Prospectus (or Prospectus as amended or supplemented) was not sent or given to such person, if required by the Securities Act so to have been delivered, at or prior to the written confirmation of the sale of such Shares to such person and the untrue statement or alleged untrue statement or omission or alleged omission was corrected in such Prospectus (or Prospectus as amended or supplemented), if the Company had previously made available copies of such Prospectus (or Prospectus as amended or supplemented) to such Underwriter.

(c) Each Selling Stockholder agrees, severally and not jointly, in proportion to the number of Shares to be sold by such Selling Stockholder hereunder, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by 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, but only with reference to information relating to such Selling Stockholder furnished in writing by or on behalf of such Selling Stockholder expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto.

(d) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and the Selling Stockholders from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by 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, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through you expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto

(e) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a), (b), (c) or (d), such person (the "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Party") in writing and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel and the payment of its fees or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for (i) all Underwriters and all persons, if any, who control any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, (ii) the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either such Section and (iii) all Selling Stockholders and all persons, if any, who control any Selling Stockholder within the meaning of either such Sections of the Exchange Act, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Underwriters and such control persons of Underwriters, such firm shall be designated in writing by Morgan Stanley & Co. Incorporated. In the case of any such separate firm for the Company,

and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. In the case of any such separate firm for the Selling Stockholders and such controlling persons of the Selling Stockholders, such firm shall be designated in writing by the persons named as attorneys-in-fact for the Selling Stockholders under the Powers of Attorney. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying Party to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Indemnifying Party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Party of the aforesaid request and (ii) such Indemnifying Party shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(f) If the indemnification provided for in Section 9(a), (b), (c) or (d) is unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Party under such paragraph, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Party or Parties on the one hand and the Indemnified Party or Parties on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnifying Party or Parties on the one hand and of the Indemnified Party or Parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Sellers on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by each Seller and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Sellers on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Sellers or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 9 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(g) The Sellers and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by

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PRO RATA allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 9(f). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. 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. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

(h) The indemnity and contribution provisions contained in this Section 9 and the representations and warranties of the Company and the Selling Stockholders contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter, any Selling Stockholder or any person controlling any Selling Stockholder, or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

(i) Notwithstanding anything to the contrary contained herein, the aggregate liability of any Selling Stockholder pursuant to the provisions of this Section 9 and with respect to any breaches of the representations, warranties and agreements contained in Sections 2A, 2B and 2C (as applicable), except for liability resulting from the willful misconduct or intentional action of such Selling Stockholder, shall not exceed an amount equal to the total price at which the Shares sold by such Selling Stockholder hereunder were offered to the public. In addition, an Underwriter or person controlling an Underwriter shall not bring any claim against any Selling Stockholder under this Section 9 or with respect to any breach of a representation, warranty or agreement contained in Section 2A,

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2B or 2C (as applicable), except for a claim caused by or arising out of an untrue statement or omission or alleged untrue statement or omission in such parts of the Registration Statement or Prospectus as specifically refer to such Selling Stockholder, unless (a) such Underwriter or controlling person shall have first submitted such claim to the Company and (b) the Company shall not, within 45 days, (i) have paid such claim in full or (ii) be otherwise fully satisfying its indemnification obligations with respect to such claim (by assuming the defense of any proceeding giving rise to such claim or otherwise as set forth in this Section 9); provided, however, that if at any time thereafter the Company is no longer fully satisfying its indemnification obligations with respect to such claim, such Underwriter or controlling person may immediately bring such claim against such Selling Stockholder.

10. TERMINATION. This Agreement shall be subject to termination by notice given by you to the Company, if (a) after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any

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over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in your judgment, is material and adverse and (b) in the case of any of the events specified in clauses (a)(i) through (iv) of this Section 10, such event singly or together with any other such event makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

11. EFFECTIVENESS; DEFAULTING UNDERWRITERS. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or the Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I or Schedule II bears to the aggregate number of Firm Shares set forth opposite the names of all such nondefaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; PROVIDED that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 11 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date or the Option Closing Date, as the case may be, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased on such date, and arrangements satisfactory to you, the Company and the Selling Stockholders for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any

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non-defaulting Underwriter, the Company or the Selling Stockholders. In any such case either you or the relevant Sellers shall have the right to postpone the Closing Date or the Option Closing Date, as the case may be, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. If, on the Option Closing Date, any U.S. Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased, the non-defaulting U.S. Underwriters shall have the option to (i) terminate their obligation hereunder to purchase Additional Shares or (ii) purchase not less than the number of Additional Shares that such non-defaulting U.S. Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this Section 11 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of any Seller to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason any Seller shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

12. COUNTERPARTS. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

13. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

14. HEADINGS. The Headings of the Sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

Very truly yours,

TELETECH HOLDINGS, INC.

By \_\_\_\_\_  
a duly authorized signatory

The Selling Stockholders named in  
Schedule III hereto, acting severally

By \_\_\_\_\_  
Attorney-in-fact

Accepted, as of the date hereof

MORGAN STANLEY & CO. INCORPORATED  
ALEX. BROWNS & SONS INCORPORATED  
SMITH BARNEY INC.

Acting severally on behalf of themselves  
and the several U.S. Underwriters named  
in Schedule I hereto.

By Morgan Stanley & Co. Incorporated

By \_\_\_\_\_  
a duly authorized signatory

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

Acting on behalf of themselves and the  
several International Underwriters  
named in Schedule II hereto.

By Morgan Stanley & Co. International Limited

By \_\_\_\_\_  
a duly authorized signatory

Schedule I

U.S. UNDERWRITERS

UNDERWRITER	NUMBER OF FIRM SHARES TO BE PURCHASED
-----	-----
Morgan Stanley & Co. Incorporated	
Alex. Brown & Sons Incorporated	
Smith Barney Inc.	

Total U.S. Firm Shares . . . . .	-----
	4,880,000
	-----

## INTERNATIONAL UNDERWRITERS

	Number of Firm Shares To Be Purchased
<u>Underwriter</u> <u>-----</u>	<u>-----</u>
Morgan Stanley & Co. International Limited	
Alex. Brown & Sons Incorporated	
Smith Barney Inc.	
Total International Firm Shares. . .	1,220,000

## Schedule III

## SELLING STOCKHOLDERS

Selling Stockholder -----	Number of Firm Shares To Be Sold -----
Kenneth D. Tuchman	1,000,000
TeleTech Investors General Partnership	950,000
Hinsdale Corporation Sdn Berhard	100,000
Jack Silverman	50,000
Total . . . . .	----- 2,100,000 -----

Form of  
RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
TELETECH HOLDINGS, INC.

TELETECH HOLDINGS, INC., a Delaware corporation, for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, as amended, does hereby certify as follows:

1. The name of the corporation (the "Corporation") is TeleTech Holdings, Inc.
2. The original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on December 22, 1994.
3. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, as amended, this Restated Certificate of Incorporation restates and integrates and further amends the provisions of the original Certificate of Incorporation of the Corporation.
4. This Restated Certificate of Incorporation was duly adopted by written consents of the stockholders in accordance with the applicable provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware, as amended, and written notice of the adoption of this Restated Certificate of Incorporation has been given as provided by Section 228 of the General Corporation Law of the State of Delaware, as amended, to every stockholder entitled to such notice.
5. The text of the Certificate of Incorporation of the Corporation is hereby restated and further amended to read in its entirety as follows:

ARTICLE ONE  
NAME OF CORPORATION

The name of the Corporation is TeleTech Holdings, Inc.

ARTICLE TWO  
ADDRESS OF REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE  
PURPOSE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended. The Corporation shall have perpetual existence.

ARTICLE FOUR  
STOCK

A. AUTHORIZED STOCK. The total number of shares of stock which the Corporation shall have authority to issue is 160,000,000, of which 150,000,000 shares with \$0.01 per share par value are designated as Common Stock and 10,000,000 shares of \$0.01 per share par value are designated as Preferred Stock.

B. RIGHT TO DESIGNATE PREFERRED STOCK. The board of directors of the Corporation is authorized, subject to limitations prescribed by law, to provide by resolution or resolutions for the issuance of the shares of Preferred Stock as a class or in series and, by filing a certificate of designations, pursuant to the General Corporation Law of the State of Delaware, as amended, setting forth a copy of such resolution or resolutions to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of the class or of each such series and the qualifications, limitations, and restrictions thereof. The authority of the board of directors with respect to the class or each series shall include, but not be limited to, determination of the following:

1. the number of shares constituting any series and the distinctive designation of that series;
2. the dividend rate on the shares of the class or of any series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of the class or of that series;
3. whether the class or any series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
4. whether the class or any series shall have conversion privileges and, if so, the terms and conditions of conversion, including provision for adjustment of the conversion rate in such events as the board of directors shall determine;
5. whether or not the shares of the class or of any series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or date upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

6. whether the class or any series shall have a sinking fund for the redemption or purchase of shares of the class or of that series, and, if so, the terms and amount of such sinking fund;

7. the rights of the shares of the class or of any series in the event of voluntary or involuntary dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of the class or of that series; and

8. any other powers, preferences, rights, qualifications, limitations, and restrictions of the class or of any series.

#### ARTICLE FIVE BY-LAWS

In furtherance and not in limitation of the powers conferred by statute, the board of directors shall have the power, both before and after receipt of any payment for any of the Corporation's capital stock, to adopt, amend, repeal or otherwise alter the By-laws of the Corporation without any action on the part of the stockholders; provided, however, that the grant of such power to the board of directors shall not divest the stockholders of nor limit their power to adopt, amend, repeal or otherwise alter the By-laws.

#### ARTICLE SIX ELECTION OF DIRECTORS

Elections of directors need not be by written ballot except and to the extent provided in the By-laws of the Corporation.

#### ARTICLE SEVEN LIABILITY OF DIRECTORS

To the fullest extent permitted by the General Corporation Law of the State of Delaware, as amended from time to time, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article Seven shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omission of such director occurring prior to such amendment.

#### ARTICLE EIGHT INDEMNIFICATION

The Corporation shall indemnify all directors, officers, employees and agents of the Corporation, and shall advance expenses reasonably incurred by such directors, officers, employees and agents in defending any civil, criminal, administrative or investigative action, suit or proceeding, in accordance with and to the fullest extent permitted by Section 145 of the



General Corporation Law of the State of Delaware, as amended from time to time. Any repeal or modification of the provisions of this Article Eight shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE NINE  
DISSOLUTION; LIQUIDATION

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation.

IN WITNESS WHEREOF, TeleTech Holdings, Inc. has caused this Certificate to be signed by the President and the Secretary on \_\_\_\_\_, 1996.

TELETECH HOLDINGS, INC., a Delaware corporation

By: \_\_\_\_\_  
Kenneth Tuchman, Chairman of the Board,  
President and Chief Executive Officer

ATTEST:

By: \_\_\_\_\_  
Jo-Nell Labbienti,  
Secretary

FORM OF  
AMENDED AND RESTATED  
BY-LAWS  
OF  
TELETECH HOLDINGS, INC.

ARTICLE I  
OFFICES

Section 1. REGISTERED OFFICE. The registered office of the Corporation in the State of Delaware shall be located at the Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or agent of the Corporation may be changed from time to time by action of the Board of Directors.

Section 2. OTHER OFFICES. The Corporation also may have offices at such other places, either within or without the State of Delaware, as from time to time the Board of Directors may determine or the business of the Corporation may require.

ARTICLE II  
STOCKHOLDERS

Section 1. PLACE AND TIME OF MEETING. An annual meeting of the stockholders shall be held each year within one hundred twenty (120) days after the close of the immediately preceding fiscal year of the Corporation for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. The date, time and place of the annual meeting shall be determined by the Board of Directors of the Corporation. If the election of directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of stockholders on a day as soon thereafter as may be convenient.

Section 2. SPECIAL MEETINGS. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called by the Chairman of the Board, the President, or any Vice President or by the Secretary upon the request of a majority of the Board of Directors.

Section 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting of stockholders called by the Board of Directors. If no designation is made, or if a special meeting be otherwise

called, the place of meeting shall be the Corporation's principal place of business.

Section 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered, unless otherwise provided by statute, not less than ten (10) nor more than sixty (60) days before the date of the meeting, or in the case of a merger or consolidation, not less than twenty (20) nor more than sixty (60) days before the meeting or as otherwise provided by statute, either personally or by mail, by or at the direction of the Board of Directors or persons calling the meeting or as otherwise provided by statute, to each stockholder of record entitled to vote at such meeting. If mailed, such notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

Section 5. RECORD DATE. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or stockholders entitled to receive payment of any dividend or other distribution, or in order to make a determination of stockholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) days and, unless otherwise provided by statute, in the case of a meeting of stockholders, not less than ten (10) days immediately preceding such meeting, or in the case of a merger or consolidation, not less than twenty (20) days immediately preceding such meeting. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section 5, such determination shall apply to any adjournment thereof; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. VOTING LISTS. The officer or agent having charge of the transfer books for shares of stock of the Corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of stockholders entitled to vote at such meeting, arranged in alphabetical order, showing the address of each stockholder, the number of shares registered in the name of each stockholder and the number of votes each stockholder is entitled to cast. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder present at the meeting.

Section 7. QUORUM AND MANNER OF ACTING. Unless otherwise provided by the Certificate of Incorporation, holders of a majority of the voting power of the stock issued and outstanding and entitled to vote at a meeting thereof, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders. In the event a quorum is not present or represented by proxy at any meeting of the stockholders, a majority of the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting at which adjournment is taken, of the time and place of the adjourned meeting. At the adjourned meeting, the Corporation may transact any business which may have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. VOTE REQUIRED. If a quorum is present, the affirmative vote of the holders of a majority of the voting power of the stock represented at such meeting, whether present or by proxy, shall be the act of the stockholders, unless the matter to be voted upon is one upon which, by express provision of the Delaware General Corporation Law or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall determine the vote required to effect such action.

Section 9. VOTING RIGHTS. Each stockholder shall be entitled to one vote for each share of voting capital stock held by such stockholder, except as otherwise provided in the Certificate of Incorporation. Each stockholder entitled to vote shall be entitled to vote in person, or may authorize another person or persons to act for him by proxy executed in writing by such stockholder or by his duly authorized attorney-in-fact, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 10. INFORMAL ACTION BY STOCKHOLDERS. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting thereof, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of any action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III  
DIRECTORS

Section 1.        POWERS. The business and affairs of the Corporation shall be managed by the Board of Directors, subject to such limitations as are imposed by law, the Certificate of Incorporation or these By-laws.

Section 2.        NUMBER, ELECTION AND TERM OF OFFICE. The number of directors which shall constitute the whole Board of Directors shall be not less than two (2) nor more than nine (9) and shall be fixed from time to time, within such minimum and maximum, by resolution adopted by a majority of the Board of Directors. Each director shall serve for a term ending on the date of the first annual meeting following the annual meeting at which such director was elected or until his successor is elected and qualified or until his earlier resignation or removal. Directors need not be stockholders.

Section 3.        ANNUAL MEETING; REGULAR MEETINGS. The annual meeting of the Board of Directors shall be held, without notice other than this Section 3, immediately after and at the same place as the annual meeting of stockholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Delaware, for the holding of additional regular meetings without notice other than such resolution.

Section 4.        SPECIAL MEETINGS. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the President or a majority of directors. The person or persons who call a special meeting of the Board of Directors may designate any place, either within or without the State of Delaware, as the place for holding such special meeting. In the absence of a designated meeting place, the place of meeting shall be the Corporation's principal place of business.

Section 5.        NOTICE OF SPECIAL MEETINGS. A notice stating the place, date and hour of a special meeting shall be mailed not less than five (5) days before the date of the meeting, or shall be sent by telegram or facsimile or be delivered personally or by telephone not less than two (2) days before the date of the meeting, to each director, by or at the direction of the person or persons calling the meeting. Whenever notice is required to be given by law or any provision of the Certificate of Incorporation or these By-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting (which objection shall occur at the beginning of such meeting) to the transaction of any business at such meeting because the meeting is not lawfully called or convened. Neither

the business to be transacted at, nor the purpose of, any meeting of the Board of Directors or members of a committee of directors need be specified in the waiver of notice of such meeting unless otherwise required by the Certificate of Incorporation or these By-laws.

Section 6. QUORUM AND MANNER OF ACTION. A majority of the number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided, that if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless otherwise provided in the Delaware General Corporation Law, the Certificate of Incorporation or these By-laws.

Section 7. ACTION WITHOUT A MEETING BY DIRECTORS. Any action which is required by law or by these By-laws to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors or any committee thereof, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof, or by all members of such committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote of all directors or committee members, as the case may be, at a duly called meeting thereof, and shall be filed with the minutes of the proceedings of the Board of Directors or such committee, as appropriate.

Section 8. TELEPHONIC MEETINGS. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, members of the Board of Directors or of any committee designated by the Board may participate in a meeting of the Board or such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 8 shall constitute presence at such meeting.

Section 9. RESIGNATIONS. Any director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board or the Secretary. Such resignation shall take effect at the time specified therein. The acceptance by the Board of Directors of such resignation shall not be necessary to make it effective unless such resignation specifically states that it shall take effect upon acceptance.

Section 10. VACANCIES. Vacancies and newly-created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in

office, although less than a quorum, or by a sole remaining director, and the director(s) so chosen shall hold office until their successor(s) are elected and qualified or until their earlier resignation or removal.

Section 11. REMOVAL. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the outstanding shares of the Corporation then entitled to vote at an election of directors. Whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, the provisions of this Section shall apply, in respect of the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote or the outstanding shares of the Corporation as a whole.

Section 12. INTERESTED DIRECTORS.

(a) No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other Corporation, partnership, association, or other organization in which one or more of the Corporation's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely because of the existence thereof, or solely because a director or officer is present at or participates in the meeting of the Board or a committee thereof which authorizes such a contract or transaction, or solely because his or their votes are counted for such purpose, if:

(i) the material facts as to such relationship or interest and as to the contract or transaction(s) are disclosed or are known to the Board of Directors or a committee thereof, as the case may be, and the Board or committee, as appropriate, in good faith authorizes the contract or transaction(s) by affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(ii) the material facts as to the relationship or interest and as to the contract or transaction(s) are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction(s) is specifically approved in good faith by vote of the stockholders; or

(iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders.

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof which authorizes a contract or transaction described in this Section 12.

ARTICLE IV  
COMMITTEES

Section 1. APPOINTMENT AND POWERS. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation which, to the extent provided in said resolution or in these By-laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that (a) no such committee shall have the power or authority in reference to (i) amend the Certificate of Incorporation (except that any such committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), (ii) adopt an agreement of merger or consolidation, (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, (iv) recommend to the stockholders a dissolution of the Corporation or a revocation thereof or (v) amend these By-laws; and (b) unless the resolution, By-laws or Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law.

Section 2. ABSENCE OR DISQUALIFICATION OF COMMITTEE MEMBER. In the absence or disqualification of any member of such committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 3. RECORD OF PROCEEDINGS. Each committees shall keep regular minutes of its proceedings and when required by the Board of Directors, report the same to the Board of Directors.



ARTICLE V  
OFFICERS

Section 1. NUMBER AND TITLES. The officers of the Corporation shall be elected by the Board of Directors and shall include a Chairman of the Board, President, Chief Operating Officer, Secretary and Treasurer. The Board of Directors may also elect additional officers of the Corporation, including one or more Vice Presidents and one or more Assistant Secretaries and Assistant Treasurers. The Board of Directors may elect such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. Any number of offices may be held by the same person. The officer designated as the Chief Financial Officer of the Corporation shall be the Treasurer unless another officer is chosen to be the Treasurer.

Section 2. ELECTION, TERM OF OFFICE AND QUALIFICATIONS. The officers shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of stockholders or as soon thereafter as may be convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall be elected to hold office until his successor shall have been elected and qualified, or until his earlier death, resignation or removal.

Section 3. COMPENSATION. The compensation, if any, of all officers of the Corporation shall be fixed by the Board of Directors or, if created, the Compensation Committee thereof.

Section 4. REMOVAL. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5. RESIGNATION. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect at the time specified therein and, unless tendered to take effect upon acceptance thereof, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. DUTIES OF OFFICERS. The duties and powers of the officers shall be as follows:

(a) CHAIRMAN OF THE BOARD. Subject to the control of the Board of Directors, the Chairman of the Board shall, in general, supervise and manage the business and affairs of the Corporation and shall see that the resolutions and directions of the Board of Directors are carried into effect. Except in those instances in

which the authority to execute is expressly delegated to another officer or agent of the Corporation, or a different mode of execution is expressly prescribed by the Board of Directors or these By-laws or otherwise required by law, the Chairman may execute for the Corporation any contracts, agreements, deeds, conveyances or other obligations or instruments of the Corporation which the Board of Directors has authorized to be executed or the execution of which is in the ordinary course of the Corporation's business, and the Chairman may accomplish such execution either under or without the seal of the Corporation and either individually or with the Secretary, any Assistant Secretary, or any other officer thereunto authorized by the Board of Directors or these By-laws. The Chairman shall preside at all meetings of the stockholders and of the Board of Directors (and of any executive committee thereof), and shall perform such other duties as from time to time shall be prescribed by the Board of Directors.

(b) PRESIDENT. The President shall be the chief executive officer of the Corporation and shall supervise the carrying out of the policies adopted or approved by the Board of Directors. The President shall have general executive powers and shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the office of President, or imposed by these By-laws. The President shall cause to be called regular and special meetings of the stockholders and Board of Directors in accordance with these By-laws and he shall preside at all such meetings. The President also shall have such further powers and duties as from time to time may be conferred upon or assigned to the President by the Board of Directors. The President shall have the power and authority to execute all duly authorized contracts, agreements, deeds, conveyances or other obligations or instruments of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

(c) CHIEF OPERATING OFFICER. The Chief Operating Officer shall be responsible for formulating general policies and programs for the Corporation for submission to the Board of Directors and for carrying out the programs and policies approved by the Board of Directors. He shall be responsible for the administration and operation of the business and affairs of the Corporation. The Chief Operating Officer shall have the power and authority to execute all duly authorized contracts, agreements, deeds, conveyances or other obligations or instruments of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The Chief Operating Officer shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

(d) VICE PRESIDENT. The Board of Directors may appoint one or more Vice Presidents, who may be designated as Executive Vice Presidents, Senior Vice Presidents or Vice Presidents. Each Vice President shall have such powers and duties as may be assigned to him or her by the Board of Directors. In the absence or disability of the President, the Vice President (or in the event there are more than one Vice Presidents, the Vice Presidents in the order designated by the Board of Directors) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

(e) SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for any committees if required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties and have such other powers as the Board of Directors or the President may from time to time prescribe. The Secretary shall have custody of the corporate seal of the Corporation, if any, and he or she, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and, when so affixed, it may be attested by the Secretary's signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature.

(f) TREASURER. The Treasurer shall have custody of the Corporation's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and the financial condition of the Corporation.

If required by the Board of Directors, the Treasurer shall give the Corporation and maintain a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

(g) ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. In the absences of the Treasurer or Secretary or in the event of the inability of the Treasurer or Secretary to act, the Assistant Treasurer and the Assistant Secretary (or in the event there is more than one of either, in the order designated by the Board of Directors or in the absence of such designation, in the order of their election) shall perform the duties of the Treasurer and Secretary, respectively, and when so acting, shall have all the authority of, and be subject to all restrictions upon, such office. The Assistant Treasurers and Assistant Secretaries shall also perform such duties as from time to time may be prescribed by the Treasurer or the Secretary, respectively, or by the President or the Board of Directors. If required by the Board of Directors, an Assistant Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VI  
CERTIFICATES OF STOCK  
AND THEIR TRANSFER

Section 1. STOCK CERTIFICATES. Stock certificates shall be in such form as determined by the Board of Directors and shall be signed by, or in the name of the Corporation by, the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or and Assistant Secretary of the Corporation. Any or all of the signatures on the certificates may be a facsimile.

Section 2. TRANSFER OF SHARES. The shares of the Corporation shall be transferable only on the books of the Corporation by the holder, in person or by duly authorized attorney, on the surrender of the certificate or certificates for such shares properly endorsed. The Board of Directors shall have the power to make all such rules and regulations, consistent with applicable law, as the Board of Directors may deem appropriate concerning the issue, transfer and registration of certificates for shares of the Corporation. No new certificate shall be issued until the former certificate or certificates for a like number of shares shall have been surrendered and canceled, except that in the case of a lost, wrongfully taken or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors or the President may prescribe consistent with applicable law.

ARTICLE VII  
DIVIDENDS

Subject to the provisions of the Delaware General Corporation Law and the Certificate of Incorporation, the Board of Directors may declare and pay dividends upon the shares of its capital stock.

Dividends may be paid in cash, in property, or in shares of the Corporation's capital stock.

ARTICLE VIII  
FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors.

ARTICLE IX  
SEAL

The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal" and "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE X  
MISCELLANEOUS PROVISIONS

Section 1.       CONTRACTS.       The Board of Directors or the President may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation in the ordinary course of the Corporation's business and such authority may be general or confined to a specific instance.

Section 2.       LOANS.       No loan shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to a specific instance.

Section 3.       CHECKS, DRAFTS, ETC.,       All checks, drafts or other orders for the payment of money, or notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent as shall from time to time be authorized by the Board of Directors.

Section 4.       DEPOSITS. The Board of Directors may select the banks, trust companies or other depositaries of the funds of the Corporation.

Section 5.       STOCK IN OTHER CORPORATIONS. Shares of any other Corporation which may from time to time be held by the Corporation may be represented and voted by the President, or by any proxy appointed in writing by the President, or by any other person or persons thereunto authorized by the Board of Directors, at any meeting of stockholders of such Corporation or by executing written consents with respect to such shares where stockholder action may be taken by written consent. Shares represented by certificates standing in the name of the Corporation may be endorsed for sale or transfer in the name of the Corporation by the

President or by any other officer thereunto authorized by the Board of Directors. Shares belonging to the Corporation need not stand in the name of the Corporation, but may be held for the benefit of the Corporation in the name of any nominee designated for such purpose by the Board of Directors.

ARTICLE XI  
INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprises, shall be indemnified by the Corporation to the fullest extent permitted by law.

ARTICLE XII  
AMENDMENT

These By-laws may be altered, amended or repealed and new By-laws adopted by the stockholders by vote at a meeting or by written consent without a meeting and, subject to the power of the stockholders as aforesaid, by the Board of Directors.

## STOCK TRANSFER AND REGISTRATION RIGHTS AGREEMENT

THIS STOCK TRANSFER AND REGISTRATION RIGHTS AGREEMENT (this "AGREEMENT"), dated as of January 1, 1996, among TeleTech Holdings, Inc., a Delaware corporation (the "COMPANY"), Access 24 Holdings Pty Limited, an Australian corporation ("ACCESS"), Bevero Pty Limited, an Australian corporation ("BEVERO"), and, solely for purposes of Section 3.6, Kenneth Tuchman, majority stockholder of the Company ("TUCHMAN").

## W I T N E S S E T H:

WHEREAS, as of the date hereof, after giving effect to the issuance of the shares of common stock, par value \$.01 per share, of the Company ("COMMON STOCK") set forth on SCHEDULE A, 50,000,000 shares of Common Stock are authorized, of which 8,140,000 shares are issued and outstanding and 2,860,000 shares are reserved for issuance upon conversion of convertible preferred stock or stock options;

WHEREAS, pursuant to that certain Stock Purchase Agreement dated as of January 1, 1996, the Company has purchased from Access and Bevero all of the outstanding capital stock of Access 24 Service Corporation Pty Limited, a corporation incorporated under the laws of New South Wales, Australia (the "SUBSIDIARY");

WHEREAS, as part of the purchase price paid by the Company for the Subsidiary, the Company has issued to Bevero and Access, pursuant to Section 3.4(a)(ii)(B) of the Investment Agreement (as defined herein), an aggregate of 194,048 shares of Common Stock; and

WHEREAS, in order to assure the harmonious management of the affairs of the Company, each of Access, Bevero, the Company and, to the extent herein provided, Tuchman desires to enter into this Agreement upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises, the mutual covenants, representations, warranties and agreements set forth in this Agreement, and of other good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged, the parties hereto, intending legally to be bound, hereby covenant and agree as follows:

ARTICLE I  
DEFINITIONS; ETC.

1.1 DEFINITIONS. Except as otherwise herein expressly provided, the following terms and phrases shall have the meanings set forth below:

"AFFILIATE" means any Person who or which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such entity

(the term "CONTROL" for these purposes meaning the ability, whether by ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to select the managing or general partner of a partnership, or otherwise to select, or have the power to remove and then select, a majority of those Persons exercising governing authority over an entity).

"BONA FIDE PURCHASER" means any Person (other than Affiliates of the Stockholder proposing to Transfer its Common Stock) who or which has delivered a good faith written offer to purchase for cash or cash equivalents a Stockholder's Common Stock; PROVIDED, HOWEVER, that such Person has the requisite financial resources necessary, in the reasonable opinion of the board of directors of the Company, to purchase and acquire such Stockholder's Stock.

"CAUSE" means (a) the commission by a director of an act of fraud or embezzlement against the Subsidiary or the Company, (b) a conviction for a felony (or a plea of NOLO CONTENDERE thereto) or guilty plea thereto of such director, or (c) the failure by a director to discharge faithfully his fiduciary and other duties as a director.

"DAMAGES" means 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 any indemnifying party) in settlement of any claim or litigation).

"EQUITY SECURITIES" means collectively (a) Common Stock, (b) convertible preferred stock, par value \$6.45 per share, of the Company ("Preferred Stock"), (c) any other equity securities issued by the Company, whether now or hereafter authorized for issuance by the Company's Certificate of Incorporation, (d) rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or any securities convertible into Common Stock, and (e) any debt, hybrid or other securities issued by the Company that are convertible into, exercisable for or exchangeable for any of the foregoing, whether now or hereafter authorized for issuance by the Company's Certificate of Incorporation.

"INVESTMENT AGREEMENT" means that certain Investment Agreement dated as of January 17, 1995 among Tuchman, the Company, Teletech Investors General Partnership and Essaness Theatres Corporation, as the same may be amended from time to time.

"IPO" means an initial offering of Common Stock by the Company to the public for cash pursuant to an effective registration statement under the Securities Act (other than a registration on Form S-8 or S-4, or any successor or similar form).

"LAWS" means 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.



"LIEN" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"OFFERED STOCK" means, as the case may be, all (a) Common Stock held of record or beneficially by a Stockholder that is offered for Transfer by such Stockholder (other than to an Affiliate pursuant to Section 3.3) or (b) Equity Securities, now or hereafter held of record or beneficially by Tuchman, that are offered for Transfer by Tuchman and that (i) are not offered for Transfer to a Permitted Transferee (as defined in the Investment Agreement) of Tuchman and (ii) have not been acquired by other holders of Priority Stock pursuant to Section 3.3 of the Investment Agreement.

"PERSON" means any individual, partnership, limited liability company, corporation, trust or any other entity.

"PRIORITY STOCK" means any Equity Securities held by Tuchman, Teletech Investors General Partnership or Essaness Theatres Corporation (or any Permitted Transferee (as defined in the Investment Agreement) of any of the foregoing), which securities are covered by the terms of the Investment Agreement.

"REGISTRABLE SECURITIES" means all Common Stock issued to the Stockholders and any additional Common Stock issued to the Stockholders pursuant to stock splits, stock dividends, recapitalizations and similar events. As to any particular Registrable Securities, once issued, Registrable Securities shall cease to be Registrable Securities (a) when such Registrable Securities have been registered under the Securities Act, the registration statement in connection therewith has been declared effective and such Registrable Securities have been disposed of pursuant to such effective registration statement, or (b) when such Registrable Securities are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act or can be sold in accordance with paragraph (k) of Rule 144 and the requirements of paragraphs (c), (e), (f) and (h) of Rule 144 shall not be applicable pursuant to such paragraph (k) of Rule 144, or (c) when such Registrable Securities have been purchased by the Company or shall cease to be outstanding. For purposes of this Agreement, the registered holder or, if the registered holder is a nominee, the beneficial owner shall be deemed to be a holder of Registrable Securities.

"SECURITIES ACT" means the United States Securities Act of 1933, as amended, or any similar federal statute then in force.

"STOCKHOLDER" or "STOCKHOLDERS" mean, individually and collectively, as appropriate, Access and Bevero and each of their respective permitted successors and assigns which become Stockholders pursuant to this Agreement.

"TRANSFER" (and any derivatives thereof) means and refers to (a) a voluntary or involuntary sale, assignment, transfer, conveyance, pledge, hypothecation or other disposition of Equity Securities, and (b) any agreement, contract or commitment to do any of the foregoing.

1.2 OTHER DEFINED TERMS. Other terms defined elsewhere in this Agreement have the meanings so specified herein.

## ARTICLE II ELECTION OF DIRECTORS

### 2.1 NOMINATION OF DIRECTORS.

(a) The Board of Directors of the Subsidiary shall consist of five members. So long as he (directly or through his Affiliates) owns Common Stock, each of John Kendall and Louis Carroll (the "NOMINEES") shall be nominated as directors to the board of directors of the Subsidiary. Bevero shall be entitled to nominate a new, replacement director to take the place of any Nominee who vacates office for any reason. The Company agrees to vote (or cause to be voted) all voting securities of the Subsidiary owned or controlled by the Company for the election as a director of the Subsidiary, at any annual or special meeting called for such purpose, or to take action by written consent in lieu of such meeting, of the Nominees or other individuals selected and nominated by Bevero in accordance with this Section 2.1(a).

(b) In the event that Bevero is entitled but fails to select and nominate an individual for election to the board of directors of the Subsidiary at or prior to any annual or special meeting called for the election of directors, then such vacancy or vacancies shall be filled by the vote of a majority of the voting securities present at a meeting duly called for such purpose at which a quorum is present; PROVIDED, HOWEVER, that if at any time after such event (while Bevero continues to be so entitled), Bevero then nominates a director, the Company agrees to call or take any actions necessary to call a special meeting of stockholders of the Subsidiary and to vote (or cause to be voted) all voting securities of the Subsidiary owned or controlled by the Company for the election of the individual so nominated by Bevero as a director of the Subsidiary.

2.2 REMOVAL OF DIRECTORS. Bevero shall at all times have the right to cause the removal from the Board of Directors of the Subsidiary, with or without Cause, any director selected and nominated by it (other than a Nominee). Bevero hereby agrees that any Nominee or other person selected and nominated by it to be a director may be removed for Cause by the affirmative vote of the holders of a majority of the outstanding voting securities of the Subsidiary.

2.3 INVALID VOTES. No director who is elected Chairman of any meeting of the Board of Directors, or of any annual or special meeting of the stockholders, of the Subsidiary, and no director or officer of the Subsidiary who counts votes pursuant to any action by written consent

in lieu of any such meeting, shall record the vote of any stockholder or director of the Subsidiary if such stockholder or director votes contrary to the voting agreement provisions of this Article II.

2.4 BOARD ACTION. Notwithstanding anything contained in the Subsidiary's Articles of Association or Memorandum of Association to the contrary, a quorum of the Board of Directors of the Subsidiary shall require the presence of at least one director not designated by the Stockholders and any action of the Board of Directors of the Subsidiary, whether at a duly called and convened meeting, by written consent or otherwise, shall require the affirmative vote of at least one director not designated by the Stockholders.

### ARTICLE III TRANSFERS OF COMMON STOCK

3.1 GENERAL. From and after the date hereof and until the consummation of an IPO, the Stockholders and the Company shall have the rights and obligations set forth in this Article III.

3.2 TRANSFER RESTRICTION. Each Stockholder covenants and agrees that it will not, and will not cause or allow any of its Affiliates to, Transfer or cause the Transfer of Common Stock or any interest therein except in accordance with the terms and conditions of this Article III. The Company shall not register any Transfer of Common Stock until such time as the Company is satisfied that the transferor thereof has complied with all the relevant provisions of this Article III. Any attempted Transfer not in accordance with the terms and conditions of this Article III shall be null and void and of no force or effect.

3.3 TRANSFERS TO AFFILIATES. Notwithstanding anything to the contrary contained in this Article III, any Stockholder, other than an Affiliate of a Stockholder that acquired Common Stock pursuant to this Section 3.3, may Transfer all or a portion of its Common Stock to an Affiliate of such Stockholder; PROVIDED, HOWEVER, that (i) such Common Stock shall remain subject to all of the terms and conditions of this Agreement in the hands of such Affiliate, and (ii) such Affiliate shall first deliver to the Company and the other Stockholder(s) a written agreement, reasonably satisfactory in form and substance to the Company, (A) assuming and agreeing to be bound by all the terms and conditions of this Agreement and to be a Stockholder hereunder, (B) providing that such Affiliate will Transfer all of its right, title and interest in the Common Stock back to the Transferring Stockholder, free and clear of all Liens, prior to the time at which it ceases to be an Affiliate of such Transferring Stockholder, and (C) containing a power of attorney from such Affiliate granting to the Transferring Stockholder the power, on behalf of such Affiliate, to vote such Common Stock for all purposes and to make any election on behalf of such Affiliate under this Agreement, and agreeing that such Affiliate will be legally bound by such elections and agreements as if it had made or executed the same. A Transfer pursuant to this Section 3.3 shall not relieve the Transferring Stockholder of any of its obligations under this Agreement.

#### 3.4 TRANSFER TO BONA FIDE PURCHASER.

(a) RIGHT OF FIRST REFUSAL. In the event a Stockholder desires to Transfer Offered Stock to a Bona Fide Purchaser, such Stockholder shall first notify the Company in writing of the identity of the Bona Fide Purchaser, the purchase price for the Offered Stock and all other material terms of such Bona Fide Purchaser's offer (a "TRANSFER NOTICE"). Under no circumstances shall a Stockholder sell or offer to sell less than all of its Common Stock to any Bona Fide Purchaser. Upon receipt of a Transfer Notice, the Company shall have a right of first refusal (exercisable by written notice to the Transferring Stockholder within 30 days after the Company's receipt of the Transfer Notice) to purchase the Offered Stock at the purchase price and on the other terms specified in the Transfer Notice. In the event that the Company does not exercise its right of first refusal to purchase all but not less than all of the Offered Stock, the Transferring Stockholder may Transfer the Offered Stock to the Bona Fide Purchaser at the purchase price and on other terms no more favorable to the Transferring Stockholder than those specified in the Transfer Notice. In the event the Transferring Stockholder does not Transfer the Offered Stock within the 60-day period immediately after the earlier of (i) the date the Transferring Stockholder receives written notice from the Company that the Company elects not to exercise its right of first refusal or (ii) expiration of the 30-day period immediately after the Company's receipt of the Transfer Notice, the Offered Stock shall be subject to the provisions of this Section 3.4(a) with respect to any subsequent Transfer.

#### (b) CONSUMMATION OF THE COMPANY'S PURCHASE.

(i) In the event the Company exercises its right of first refusal pursuant to Section 3.4(a), the purchase price for the Offered Stock shall be payable in an amount of cash equal to the amount, and shall be paid in the manner, set forth in the Bona Fide Purchaser's offer. In connection with such Transfer, the Transferring Stockholder shall be required to make representations or warranties to the Company as to (A) good and valid title to the Common Stock being Transferred, (B) the absence of Liens with respect to the Common Stock, (C) such Stockholder's legal capacity, valid existence and good standing (if applicable), (D) the authority for, and validity and binding effect of (as against such Transferring Stockholder), any agreement entered into by such Transferring Stockholder in connection with such sale, (E) all required material consents to the Transferring Stockholder's sale and material governmental approvals having been obtained and (F) the fact that no broker's commission is payable by or on behalf of the Company as a result of the Transferring Stockholder's conduct in connection with the sale.

(ii) The Transferring Stockholder shall pay and shall indemnify the Company from and against (A) any breach of the representations or warranties made pursuant to Section 3.4(b)(i) and (B) any stamp, transfer or similar tax that is payable in respect of the Transfer of the Offered Stock pursuant to this Section 3.4. The amount of any such tax that has not been paid by the Transferring Stockholder may be deducted from any amount otherwise payable to the Transferring Stockholder.

3.5 ADDITIONAL TRANSFER RESTRICTIONS. Notwithstanding any other provision in this Agreement, no Stockholder may Transfer or attempt to Transfer any of its Common Stock:

(a) if any requisite consent or approval of any governmental authority having jurisdiction over such Transfer, or of any other Person party to the Transfer, shall not have been obtained;

(b) if in the opinion of counsel to the Company, registration of such Common Stock under the Securities Act or under any blue sky, state or other applicable securities law is required in connection therewith and such registration has not been duly effected;

(c) unless the transferee of such Common Stock shall expressly assume in writing the obligations of a Stockholder under this Agreement;

(d) if, in the event the Common Stock is being Transferred other than pursuant to Section 3.3, the proposed transferee is not a Bona Fide Purchaser;

(e) if, in the event the Common Stock is being Transferred in accordance with Section 3.4, the beneficial owner of the Bona Fide Purchaser is other than the Person(s) disclosed in the Transfer Notice; or

(f) to any Person engaged in a business that (in the determination of the board of directors of the Company) is primarily competitive, directly or indirectly, with the business of the Company.

### 3.6 CO-SALE RIGHTS.

(a) In the event Tuchman desires to Transfer Offered Stock, Tuchman shall first notify each Stockholder and each holder of Priority Stock (collectively, the "Participants") in writing of the identity of the proposed transferee(s), the number and class of Offered Stock and the proposed purchase price (whether payable in cash, other securities or other property) and other terms of the Transfer (a "TUCHMAN NOTICE"). Upon receipt of a Tuchman Notice, each Participant shall have the right (exercisable by written notice to Tuchman within 30 days after receipt of the Tuchman Notice (the "NOTICE PERIOD")) to participate in such Transfer at the purchase price and other terms specified in the Tuchman Notice, as follows:

(i) Each Participant shall have the right to Transfer to the proposed transferee(s) specified in the Tuchman Notice (the "PROPOSED TRANSFEREE") all or any portion of such Participant's Co-Sale Shares. A Participant's Co-Sale shares shall mean the number of shares of Equity Securities that are either of (A) the same class as those that are the subject of the Tuchman Notice, or (B) a different class than those that are the subject of the Tuchman Notice but that are convertible into, immediately exercisable for or exchangeable into the same class of Equity Securities as those that are the subject of the Tuchman Notice, equal to the product of:

(1) the aggregate number of Equity Securities that are the subject of the Tuchman Notice, multiplied by

(2) a fraction (the "CO-SALE FRACTION"),

(x) the numerator of which is the sum of (aa) the number of shares of the class of Equity Securities that are the subject of the Tuchman Notice held by such Participant, plus (bb) the number of shares of Equity Securities that are the subject of the Tuchman Notice issuable upon conversion, exercise or exchange of a different class than those that are the subject of the Tuchman Notice held by such Participant, and

(y) the denominator of which is the sum of (aa) the aggregate number of shares of the class of Equity Securities that are the subject of the Tuchman Notice held by all of the Participants and Tuchman, plus (bb) the aggregate number of shares of the class of Equity Securities that are the subject of the Tuchman Notice issuable upon conversion, exercise or exchange of a different class of Equity Securities than those that are the subject of the Tuchman Notice held by all of the Participants and Tuchman.

(ii) Unless the number of Equity Securities to be Transferred to the Proposed Transferee is equal to all of the Equity Securities held by the Participants and Tuchman, to the extent any Participant(s) exercises its rights to participate in such Transfer pursuant to this Section 3.6, the number of shares of Equity Securities subject to this Section 3.6 that Tuchman may Transfer to the Proposed Transferee shall be correspondingly reduced by the number of the Participants' Co-Sale Shares to be Transferred by such Participant(s) pursuant to Section 3.6(a).

(b) Each Participant shall effect its participation in the Transfer by delivering the notice specified in Section 3.6(a) above and agreeing to deliver to Tuchman:

(i) for Transfer to the Proposed Transferee, one or more stock certificates, properly endorsed for Transfer or accompanied by properly executed stock powers, which represent the number of such Participant's Co-Sale Shares that are of the same class as those Equity Securities that are the subject of the Tuchman Notice at or prior to the closing of such Transfer; and/or

(ii) one or more stock certificates, which represent the number of such Participant's Co-Sale Shares that are of a different class of Equity Securities than those that are the subject of the Tuchman Notice but that are convertible into, exchangeable with or immediately exercisable for Equity Securities of the class that are the subject of the Tuchman Notice. If conversion, exercise or exchange, as the case may be, of the Equity Securities so delivered to Tuchman by a Participant is required by the Proposed

Transferee, delivery made pursuant to this Section 3.6(b)(ii) shall constitute the delivering Participant's conditional notice of the exercise of its rights to convert, exercise or exchange the Equity Securities so delivered into or for the class of Equity Securities that are the subject of the Tuchman Notice, and the Company agrees to effect the required conversion, exercise or exchange subject to and immediately prior to the closing of the Transfer pursuant to which such Participant's Co-Sale Shares are to be purchased; such Participant agrees to properly endorse for Transfer stock certificates issued by the Company in respect of such Participant's Co-Sale Shares or shares issuable upon such conversion, exercise or exchange or properly execute stock powers therefor in order to Transfer the appropriate number of shares of Equity Securities to the Proposed Transferee; and

(iii) a certificate of such Participant containing representations and warranties made by such Participant to Tuchman regarding (A) such Participant's lawful ownership of, and good and marketable title to, its Co-Sale Shares, (B) the absence of any Liens with respect to such Participant's Co-Sale Shares, (C) such Participant's legal right, power and authority to sell its Co-Sale Shares, as contemplated by this Section 3.6, (D) such Participant's agreement to pay any stamp duties, transfer taxes relating to the Transfer of its Co-Sale Shares, and (E) to such Participant's knowledge, without any inquiry, such Participant is not aware of any material fact or any failure to state a material fact which would render the representations and warranties of Tuchman with respect to such Participant's Co-Sale Shares materially false or misleading.

(c) Tuchman shall cause the Proposed Transferee to remit to each Participant, upon closing of the Transfer, the proceeds to which such Participant is entitled by reason of its participation in such Transfer, less an amount equal to the product of the Co-Sale Fraction multiplied by the sum of any reasonable out-of-pocket costs, fees and expenses, including, without limitation, attorneys' or accountants' fees, but excluding any wages payable to employees of the Company or any of its subsidiaries, actually incurred by Tuchman and the Company in connection with the Transfer or the exercise of each Participant's rights under this Section 3.6, which shall be payable to Tuchman; PROVIDED THAT prior to any such payment or deduction, Tuchman and/or the Company delivers copies of the invoices for each such cost, fee and expense, together with a certificate of Tuchman and the Company indicating that all such costs, fees and expenses were actually incurred in connection with the Transfer or the exercise of the Participants' rights under this Section 3.6; PROVIDED, FURTHER that any such costs, fees or expenses attributable to one but not any other Participant shall be paid only by that Participant.

(d) In the event that no Participant exercises rights to sell all or any part of its Co-Sale Shares pursuant to this Section 3.6, Tuchman may Transfer as many shares of his Offered Stock that are the subject of the Tuchman Notice held of record or beneficially by Tuchman or any of his Permitted Transferees (as defined in the Investment Agreement) to the Proposed Transferee at a price (including the form of payment, E.G., cash, other securities or other property) and on other terms no more favorable to Tuchman than those specified in the Tuchman Notice any time during the 90-day period immediately following the expiration of the

Notice Period or such longer period as may be required to comply with the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (or any similar law then in force). Any Offered Stock held by Tuchman that is not sold or transferred within the foregoing period shall be subject again to the provisions of this Section 3.6 with respect to any subsequent Transfer thereof.

#### ARTICLE IV REGISTRATION RIGHTS

4.1 GENERAL. From and after the date of consummation of an IPO, the Stockholders and the Company shall have the rights and obligations set forth in this Article IV.

##### 4.2 RIGHT TO PARTICIPATE IN REGISTRATION.

(a) If the Company proposes to register Common Stock under the Securities Act (other than a registration on Form S-8 or S-4, or any successor or similar forms) for sale to the public in a manner that would permit registration under the Securities Act of Registrable Securities, then the Company shall give written notice of such proposed filing to each Stockholder at least 30 days before the anticipated filing date of such registration statement. Such notice shall state the Company's intended method of disposition and offer to each Stockholder the opportunity to include in the registration statement such Registrable Securities owned at that time by such Stockholder as it may request in writing within 15 days after receipt of the Company's notice. Subject to Section 4.2(b), the Company shall include in its registration statement all Registrable Securities requested to be included therein by the Stockholders.

(b) Notwithstanding the provisions of Section 4.2(a), if the managing underwriter or underwriters of any offering of Common Stock advise the Company in writing that the total number of shares of Common Stock that the Company, the Stockholders, the holders of Priority Stock and any other Persons entitled to offer Common Stock in such registration 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 may be reduced and there shall be excluded from such registration and underwriting, to the extent necessary in the underwriters' sole discretion, (i) first, shares held by the Stockholders requesting registration, PRO RATA between them, (ii) second, shares of Priority Stock, PRO RATA among the holders thereof, and (iii) thereafter, shares that the Company wishes to register for its own account.

##### 4.3 OBLIGATIONS OF THE COMPANY AND THE STOCKHOLDERS.

(a) The Company may require each of the Stockholders to furnish to the Company information regarding itself, its Affiliates and its disposition of Registrable Securities. Each Stockholder agrees to furnish to the Company, promptly upon request, such information and any other information as the Company may reasonably request.



(b) The Company may require each of the Stockholders to make representations and warranties to, or agreements with, the underwriters of the kind and to the extent customarily given or entered into by selling stockholders to underwriters in connection with public offerings of securities as contemplated by this Article IV. Each Stockholder agrees to make such representations and warranties to, and agreements with, the underwriters.

(c) Each Stockholder agrees not to effect any public sale or distribution of Common Stock during the 90-day period beginning on the effective date of any registration statement filed with respect to an offering of Common Stock.

(d) The Company shall (i) notify the Stockholders of the happening of any event as a result of which any prospectus relating to the Registrable Securities, which is included in a registration statement covered by this Article IV and is required to be delivered under the Securities Act, 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 (ii) promptly prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of Registrable Securities, such prospectus will not contain 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. Each Stockholder agrees that, upon receipt of any notice from the Company described in the foregoing clause (i), such Stockholder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement or statements covering such Registrable Securities until such Stockholder's receipt of the copies of the supplemented or amended prospectus contemplated by this Section 4.3(d) and, if so directed by the Company, such Stockholder will deliver to the Company (at the Company's expense) all copies then in its possession of any prospectus covering such Registrable Securities current at the time of receipt of such notice.

(e) No registration statement shall refer to any Stockholder by name or otherwise as the holder(s) of the Registrable Securities unless (i) such information is required to be disclosed by law or regulation, or (ii) such Stockholder has had a reasonable opportunity to review such references and shall have granted their prior approval of the content of such references, which approval shall not be unreasonably withheld or delayed.

#### 4.4 INDEMNIFICATION AND CONTRIBUTION.

(a) INDEMNIFICATION BY COMPANY. The Company agrees to indemnify, to the full extent permitted by law, each Stockholder and all officers, directors, employees and Affiliates of each Stockholder against any and all joint or several Damages to which they or any of them may become subject: (i) under the Securities Act, the Securities Exchange Act of 1934, as amended, or any similar federal law then in force (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 such 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 specifically for use therein; and PROVIDED FURTHER, that the foregoing indemnity is subject to the condition that, insofar as it relates 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 a Stockholder or its Affiliates from whom the Person asserting any Damages purchased the Registrable Securities that are the subject thereof if copies of such final prospectus were delivered to such Stockholder on a timely basis and such Stockholder or its Affiliates did not deliver to such Person the final prospectus with or prior to the written confirmation for the sale of such Registrable Securities 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 the Stockholders and use its 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 any Stockholder, underwriter or any such officer, director, partner, employee or controlling Person and shall survive any transfer by the same of the Registrable Securities. This indemnity will be in addition to any liability that the Company otherwise may have, including any under this Agreement.

(b) INDEMNIFICATION BY THE STOCKHOLDERS. Each Stockholder, severally and not jointly, agrees to indemnify to the full extent permitted by law, the Company, each Person who signs 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 or on behalf of such Stockholder to the Company specifically for use therein; or (ii) as a result of or in connection with any violation of applicable Laws by such Stockholder (other than as a result of any act committed by or omission of the Company). This indemnity will be in addition to any liability that such Stockholder otherwise may have, including any under this Agreement. Notwithstanding the foregoing, the liability of each 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 of the Registrable Securities of such Stockholder 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 that such party may have under this Section 4.4 except to the extent that the indemnifying party has been prejudiced in any material respect by such failure or from any liability that such party may have otherwise avoided). 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 own counsel in any such case, but the fees and expenses of such counsel shall be the sole 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 (which shall not be unreasonably withheld or delayed).

(d) CONTRIBUTION. In order to provide for contribution in circumstances in which the indemnification provided for in this Section 4.4 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 investigative, 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 that 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 4.4(d) was determined by PRO RATA allocation or by any other method of allocation that 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 Registrable Securities 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 4.4(d), notify such party or parties from which contribution may be sought of any obligation it or they may have under this Section 4.4(d) or otherwise. No party shall be liable for contribution with respect to any action or claim settled without its consent, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the liability of a 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 from Registrable Securities of such Stockholder sold as contemplated herein.

4.5 SPECIAL COUNSEL. In connection with any registration statement covering Registrable Securities pursuant to this Agreement, the Stockholders jointly may engage one special counsel to represent them in connection with any such registration statement. 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 this Agreement shall be borne by the Stockholders.

#### ARTICLE V MISCELLANEOUS

5.1 RESTRICTIONS ON OTHER AGREEMENTS. No Stockholder shall grant any proxy or enter into or agree to be bound by any voting trust, and no Stockholder shall enter into any agreement or arrangement of any kind with any person, with respect to Common Stock on terms that are inconsistent with the provisions of this Agreement (whether or not such agreements and arrangements are with other holders of Common Stock that are not parties to this Agreement), including, without limitation, agreements or arrangements with respect to the acquisition, Transfer or voting of Common Stock.

5.2 ENDORSEMENT ON CERTIFICATES. Each of the Stockholders agrees that the following legend shall be placed on every certificate evidencing ownership of Common Stock owned by it:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED  
UNDER THE FEDERAL SECURITIES ACT OF 1933, AS

AMENDED, OR ANY STATE LAWS OF ANY JURISDICTION. NO SALE, OFFER TO SELL, ASSIGNMENT, PLEDGE, HYPOTHECATION, GIFT, TRANSFER OR OTHER DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS A REGISTRATION STATEMENT UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO SUCH SHARES IS THEN IN EFFECT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SAID ACT IS AVAILABLE WITH RESPECT TO SAID TRANSFER AND THE REQUIREMENTS OF APPLICABLE STATE LAWS ARE SATISFIED.

THE SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, GIFT, TRANSFER OR OTHER DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS PURSUANT TO A STOCK TRANSFER AND REGISTRATION RIGHTS AGREEMENT BY AND AMONG THE CERTIFICATE HOLDER, TELETECH HOLDINGS, INC. AND CERTAIN OTHER STOCKHOLDERS OF TELETECH HOLDINGS, INC., COPIES OF WHICH MAY BE OBTAINED FROM THE CORPORATION UPON REQUEST.

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 above in order to enforce the provisions of this Agreement.

5.3 TERMINATION. This Agreement shall be effective as to each Stockholder for so long as such Stockholder shall own any Common Stock.

5.4 COMMON STOCK SUBJECT TO THIS AGREEMENT. This Agreement shall apply to (a) Common Stock held by the Stockholders on the date hereof, (b) any Common Stock issued to a Stockholder as a result of stock splits, stock dividends, recapitalizations and similar events, or in addition to or upon exchange for Common Stock, and (c) any Common Stock otherwise purchased, acquired or issued to any Stockholder. All certificates evidencing Common Stock subject to this Agreement shall contain the restrictive legend set forth in Section 5.2.

5.5 FURTHER ASSURANCES. From time to time after the date hereof, the parties will, at their own expense and without further consideration, execute and deliver such other documents and instruments and take such other actions as may be reasonably requested to effect the purposes and intent of this Agreement.

5.6 NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made) upon the earliest to occur of (a) receipt, if made by personal service, (b) five days after delivery to a reputable overnight courier service, (c) upon the delivering party's receipt of a written confirmation of a transmission made by cable, telecopy, telegram, or telex or (d) ten days after being mailed by registered or certified air mail (postage prepaid, return

receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.6):

(A) if to the Company:

Teletech Holdings, Inc.  
1700 Lincoln Street, Suite 1400  
Denver, Colorado 80203  
Attention: President  
Telecopy: (303) 894-4203

with a copy to:

Neal, Gerber & Eisenberg  
Two North LaSalle Street, Suite 2200  
Chicago, Illinois 60602  
Attention: Charles Evans Gerber  
Telecopy: (312) 269-1747

(B) if to Sellers:

Access 24 Holdings Pty Limited  
c/o Royal Automobile Club of Victoria (RACV) Ltd.  
422 Little Collins Street  
Melbourne Victoria 3000  
Australia  
Attention: Pearl Dreier  
Telecopy: (61-2) 9670-3780

and

Bevero Pty Limited  
c/o Access 24 Service Corporation Pty Limited  
Level 3, 154 Pacific Highway  
St. Leonards, New South Wales 2065  
Attention: President  
Telecopy: (61-2) 9930-1132

with a copy to:

Gardner, Carton & Douglas  
Suite 3400 - Quaker Tower  
321 North Clark Street  
Chicago, IL 60610  
Attention: Stephen M. Gatlin  
Telecopy: (312) 644-3381

or to such other address as any party may from time to time designate to the other in the manner provided in this Section.

5.7 PRONOUNS AND HEADINGS. As used herein, all pronouns shall include the masculine, feminine, neuter, singular and plural wherever the context and facts require such construction.

5.8 HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

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.

5.10 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the Company and the Stockholders with respect to the subject matter hereof.

5.11 ASSIGNMENT. This Agreement and the rights and duties hereunder may not be assigned or assumed by operation of law or otherwise without the express prior written consent of the other parties hereto.

5.12 AMENDMENT; WAIVER. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, each party hereto. Each party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties of the other parties contained herein or in any document delivered by the other party pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other parties contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by all of the other parties to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

5.13 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.

5.14 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware that are applicable to contracts executed in and to be performed entirely within that jurisdiction (without regard to its principals regarding conflicts of law).

5.15 JURISDICTION; SERVICE OF PROCESS. Each of the parties hereto agrees that all actions or proceedings initiated by any party hereto and arising directly or indirectly out of this Agreement which are brought to judicial proceedings shall be litigated in the United States District Court covering Wilmington, Delaware or, in the event such court cannot or will not exercise jurisdiction, in the state courts of the State of Delaware (the "DELAWARE COURTS"). Each Seller agrees that any order or judgment rendered by the Delaware Courts may be enforced against such Seller in any federal or state court sitting in Australia. Each Seller agrees that it will not oppose in any way any application to enforce in Australia a judgment rendered by the Delaware Courts including, without limitation, an application to register a judgment at common law. This Agreement may be pleaded as a bar to any opposition to any application to enforce a judgment in Australia rendered by the Delaware Courts on any grounds whatsoever including, without limitation, service permitted by the Delaware Courts but not permitted by any federal or state court sitting in Australia or a lack of jurisdiction of the Delaware Courts based on a failure to appear. Each of the parties hereto expressly submits to the jurisdiction of the Delaware Courts and consents to process being served in any suit, action or proceeding of the nature referred to above either (a) by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to its address as set forth herein or (b) by serving a copy thereof upon such party's authorized agent for service of process (to the extent permitted by applicable law, regardless whether the appointment of such agent for service of process for any reason shall prove to be ineffective or such agent for service of process shall accept or acknowledge such service); PROVIDED that, to the extent lawful and practicable, written notice of said service upon said agent shall be mailed by registered or certified mail, postage prepaid, return receipt requested, to the party at its address as set forth herein. Each party hereto agrees that such service, to the fullest extent permitted by law, (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall be taken and held to be valid personal service upon and personal delivery to it. Each party hereto waives any claim that any Delaware Court is an inconvenient forum or an improper forum based on lack of venue or jurisdiction.

5.16 TRIAL BY JURY. EACH STOCKHOLDER AND THE COMPANY HEREBY WAIVES 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 STOCKHOLDER AND THE COMPANY ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND THAT 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 AGREEMENT, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH STOCKHOLDER AND THE COMPANY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH STOCKHOLDER AND THE COMPANY FURTHER WARRANTS AND REPRESENTS THAT 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.

5.17 THIRD PARTY BENEFICIARIES. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person (other than the parties hereto) any rights or remedies under or by reason of this Agreement.

5.18 BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and permitted assigns.

5.19 COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TELETECH HOLDINGS, INC.

By: /S/ Steve Coburn

-----  
Name: Steven B. Coburn  
Title: Chief Financial Officer

ACCESS 24 HOLDINGS PTY LIMITED

By: /S/ Ted Johnson

-----  
Name: Ted Johnson  
Title:

BEVERO PTY LIMITED

By: /S/ Louis Carroll

-----  
Name: Louis Carroll  
Title:

/S/ Kenneth Tuchman

-----  
Kenneth Tuchman

Neal, Gerber & Eisenberg  
Two N. LaSalle Street, Suite 2200  
Chicago, Illinois 60602

July 5, 1996

Securities and Exchange Commission  
450 Fifth Street N.W.  
Washington, D.C. 20549

Re: TELETECH HOLDINGS, INC.  
REGISTRATION STATEMENT ON FORM S-1 (NO. 333-04097)

Gentlemen:

We are counsel to TeleTech Holdings, Inc., a Delaware corporation (the "Company"), and in such capacity we have assisted in the preparation and filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended, of the Company's Registration Statement on Form S-1 (No. 333-04097), and amendments thereto (the "Registration Statement"), relating to the proposed offering by the Company and certain stockholders of the Company (the "Selling Stockholders") of up to 7,153,000 shares (including 933,000 shares that may be issued under the underwriters' over-allotment option) of the common stock, \$.01 par value per share (the "Common Stock"), of the Company.

As such counsel, we have examined the Registration Statement, and such other papers, documents and certificates of public officials and certificates of officers of the Company as we have deemed necessary and appropriate as the basis for the opinions hereinafter expressed. In such examinations, we have assumed the genuineness of all signatures, the legal capacity of natural persons, and the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as conformed or photostatic copies. As to any facts material to this opinion, we have relied upon statements and representations (a) of the Company and its officers and other representatives, (b) of the Selling Stockholders and, if applicable, their officers and other representatives, and (c) of public officials.

Based upon the foregoing, and subject to the limitations, qualifications, exceptions, and assumptions set forth herein, we are of the opinion that the shares of Common Stock covered by the Registration Statement to be issued by the Company and to be sold by the Company and the Selling Stockholders, when issued and

Securities and Exchange Commission  
July 5, 1996  
Page 2

delivered in accordance with the terms described in the Registration Statement,  
will be duly and validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the  
Registration Statement and to the reference to our firm under the caption "Legal  
Matters" in the prospectus contained therein.

Very truly yours,

/s/ Neal, Gerber & Eisenberg

Neal, Gerber & Eisenberg

## AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT ("Agreement") is entered into on the date set forth on the last page of this Agreement and is made effective as of that date between JOE LIVINGSTON ("Livingston"), on the one hand, and TELETECH HOLDINGS, INC. ("the Company"), TOGETHER WITH TELETECH TELESERVICES, INC., TELETECH TELECOMMUNICATIONS, INC. AND KENNETH TUCHMAN (collectively referred to as "TeleTech"), on the other hand. Livingston and TeleTech shall be collectively referred to as "the Parties."

## RECITALS

THIS AGREEMENT is entered into with reference to the following facts:

Livingston and the Company entered into a written employment agreement on or about January 1, 1995 ("the Employment Agreement"). The Employment Agreement is attached hereto as Exhibit A.

Issues have arisen between the Parties regarding the terms and conditions of Livingston's employment with the Company.

It is the intention of the Parties to resolve, settle and dispose of, fully and completely, any and all issues, claims, demands or causes of action that either Party may have against the other Party related to, connected with, or incidental to the acts of, relationships between and dealings between the Parties, including, without limitation, all claims arising from the employment of Livingston.

## AGREEMENT

THEREFORE, by their signatures to this Agreement and in consideration of the mutual covenants contained herein and for other good and valuable consideration, the Parties agree as follows:

1. INCORPORATION OF RECITALS. The Parties hereby incorporate into this Agreement all of the recitals set forth above.

2. INCORPORATION OF EMPLOYMENT AGREEMENT. The Parties hereby incorporate into this Agreement all of the terms and conditions of the Employment Agreement. Except for the Employment Agreement Changes as defined herein and as otherwise provided in this Agreement, the written provisions of the Employment Agreement set forth the complete and sole terms and conditions of Livingston's employment, and Livingston is not entitled to any compensation, rights, stock, stock interests, ownership rights or other compensation or rights related to his employment other than as specifically set forth in the Employment Agreement and this Agreement. In addition, except as otherwise reserved under Paragraph 4(B) hereof, the Parties acknowledge and agree that, as of the date of this Agreement, there have not been

and are not presently any breaches of the Employment Agreement by either Party.

For purposes of this Agreement, "the Employment Agreement Changes" shall be deemed to mean the following:

A. For 1996 and the remaining term of the Employment Agreement, Livingston's Base Compensation under Paragraph 3(A) shall be Two Hundred Fifty Thousand Dollars (\$250,000.00) rather than One Hundred Sixty Thousand Dollars (\$160,000.00).

3. ADDITIONAL STOCK OPTIONS GRANTED TO LIVINGSTON. TeleTech shall grant to Livingston Nonqualified Stock Options, under, and subject to the provisions of, the TeleTech Holdings, Inc. Stock Plan ("the Stock Plan"), exercisable for Fifteen Thousand (15,000) shares of TeleTech common stock at an option price of Forty Dollars (\$40.00) per share. Such options shall be in addition to the Nonqualified Stock Options granted to Livingston under the terms and conditions of Paragraph 5 of the Employment Agreement and the Stock Plan. The additional stock options granted under this Agreement are and shall be subject to exactly the same terms and conditions as the other stock options granted to Livingston by Paragraph 5 of the Employment Agreement and subject to the terms and conditions of the Nonqualified Stock Option Agreement which is attached as Exhibit B hereto and hereby incorporated by reference. In the event of any conflict between the provisions of this Agreement, the Employment Agreement and/or the Nonqualified Stock Option Agreement, the terms and conditions of the Nonqualified Stock Option Agreement shall prevail.

Except for the stock options referred to above, Livingston agrees that he has no rights whatsoever of any nature to any stock, stock rights, Stock Plan benefits, profits, debt, equity or ownership interests in TeleTech or any of its affiliated or related companies.

4. IPO. At the time of the first public offering of TeleTech shares, subject to the approval of the underwriters and the Board of Directors, Livingston shall have the following rights:

A. To include Donald Livingston on his "friends and family list" related to the offering. Nothing contained herein shall constitute a promise or guarantee that any person shall have the right to purchase any stock which may ultimately become available to "friends or family."

B. To exercise and sell at or about the time of the first offering up to Ten Thousand (10,000) shares of stock after the proposed 5 for 1 stock split at the same price offered to the public (as the shares being offered by the Company and the other selling stockholder).

5. GENERAL RELEASES. In consideration of the mutual releases contained herein and for other good and valuable consideration, the receipt of which is acknowledged by the Parties, the Parties promise, agree, and release each other as follows:

A. Except as to the obligations and the rights of the Parties as are created by this Agreement, the Employment Agreement and the Nonqualified Stock Option Agreements, Livingston hereby releases and forever discharges TeleTech and its officers, employees, shareholders (including but not limited to Kenneth Tuchman), directors, servants, administrators, parent, subsidiary and affiliated companies, successors, assigns, attorneys and agents from any and all claims, demands, damages, actions, causes of action, costs, expenses of suit at law or in equity, known or unknown, which Livingston now has or may hereafter have which arise, or have arisen, out of any acts or omissions which took place prior to the date of this Agreement.

B. Except as to the obligations and the rights of the Parties as are created by this Agreement, the Employment Agreement and the Nonqualified Stock Option Agreements, TeleTech hereby releases and forever discharges Livingston from any and all claims, demands, damages, actions, causes of action, costs, expenses or suits at law or in equity, known or unknown, which TeleTech now has or may hereafter have which arise, or have arisen, out of any acts or omissions which took place prior to the date of this Agreement. Notwithstanding the above, the release of Livingston shall not extend to any unknown or unsuspected claims of TeleTech which arise out of facts that could be adjudicated as theft, fraud, embezzlement or a crime under federal, state or local law.

C. Each party specifically waives the benefit of the provisions of Section 1542 of the California Civil Code, which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Each Party waives and releases any rights or benefits that he or she may have under Section 1542 to the full extent that he or she may lawfully waive such rights and benefits, and each Party acknowledges that he or she understands the significance and consequences of the waiver of the provisions of California Civil Code Section 1542 and that he or she has been advised by his or her own attorney as to the significance and consequences of this waiver.

6. REPRESENTATIONS BY PARTIES AND THEIR AGENTS. Except as expressly provided herein, the Parties agree that, in connection with this Agreement, the Parties and their agents have made no warranties or representations related to any matter whatsoever, express or implied, including but not limited to the Parties' claims, demands, damages,

actions, causes of action, costs, expenses or suits at law or in equity whether as to their validity, probable value, probability of success or otherwise. Each of the Parties to this Agreement states that this Agreement is made without reliance upon any statement or representation of any other Party, his or her representative or agent, except as expressly provided herein.

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

8. AGREEMENT DRAFTED JOINTLY. It is the intent of the Parties that no part of this Agreement be construed in favor of or against any of the Parties hereto because of the identity of the drafter.

9. AUTHORITY TO ENTER THIS AGREEMENT. Each of the Parties represents and warrants on its own behalf that the individual signing this Agreement on its behalf is fully authorized to sign on behalf of and bind it, and that it has the power and authority to enter into this Agreement.

10. INDEMNIFICATION. Each Party agrees to indemnify and hold the other Party harmless from and against any liability, loss, judgment, settlement, costs, or expense (including without limitation reasonable attorney's fees) resulting from, arising out of, or occasioned by that Party's breach of the warranties and representations contained in this Agreement.

11. ARM'S LENGTH NEGOTIATIONS AND REPRESENTATION BY COUNSEL. Each of the Parties acknowledges and warrants on his or her own behalf that this Agreement was negotiated by the Parties hereto at arm's length. TeleTech and Livingston each acknowledge that Berman, Blanchard, Mausner, Kindem & Resser ("BBMKR") has drafted this Agreement and has represented both Parties on other matters. Despite this representation, both Parties consent to BBMKR drafting this Agreement and waive any conflict of interest related to having BBMKR do so. The Parties also agree that, in the event of any dispute between TeleTech and Livingston, BBMKR shall have the right to represent TeleTech in such dispute. The Parties acknowledge and agree that they have been advised by BBMKR that each of them should have this Agreement reviewed and approved by independent legal counsel before signing it, and, if they fail to do so, they each voluntarily accept the risks of such failure. With respect to representation by independent counsel, TeleTech acknowledges and agrees that it has legal counsel in Chicago, Illinois who could review this Agreement. Livingston acknowledges and agrees that he has legal counsel in Dallas, Texas who could review this Agreement. The Parties acknowledge and agree that they each have read this Agreement, that they fully



understand the final and binding effect of this Agreement, that this Agreement is fair and reasonable, that they are signing this Agreement after independent investigation, voluntarily and without coercion, fraud, duress or undue influence.

12. WARRANTY REGARDING OWNERSHIP OF CLAIMS RELEASED. Each Party represents and warrants that he, she or it is the sole owner of all rights, claims, damages, actions, causes of action, and suits at law or in equity that he, she or it may have against the other or arising out of the actions referred to in this Agreement or any of the above-mentioned facts and that neither they nor their respective predecessors, principals, agents, subsidiary, parent or affiliated corporations have assigned or transferred or purported to assign or transfer to any other person or entity any claim, demand, cause of action or other matter herein released under the terms of this Agreement.

13. EXECUTION IN COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which counterparts shall be deemed to be one instrument and shall constitute one agreement with the same force and effect as if all signatures had been entered on one document.

14. GOVERNING LAW. This Agreement was entered into in the State of California and is to be governed by and construed under and in accordance with the laws of the State of California. The Parties agree that any disputes related to this Agreement shall be adjudicated exclusively by the Superior Court of the State of California for the County of Los Angeles.

15. EXECUTION OF OTHER DOCUMENTS AND FURTHER ACTS. In addition to the acts described in this Agreement to be performed by each of the Parties, each Party agrees to perform or cause to be performed all further acts and to execute or cause to be executed promptly all documents and instruments necessary to give effect to each term of this Agreement.

16. NON-WAIVER. No waiver of the breach of any of the provisions of this Agreement shall be a waiver of any preceding or succeeding breach of this Agreement or any other provisions of it.

17. CONSTRUCTION. As used herein, the masculine gender shall include the feminine and neuter and vice versa, and the singular shall include the plural, wherever the context and facts require such construction.

18. MERGER AND MODIFICATION. This Agreement by and among the Parties is in lieu of and, except as otherwise expressly provided herein, in the Employment Agreement or in the Nonqualified Stock Option Agreements, extinguishes all other agreements which may have been entered into by, between or among the Parties, and each of them and comprises the entire understanding of the Parties and may only be modified, supplemented or amended by mutual agreement of the Parties in a writing which specifically refers to

this Agreement. The Parties acknowledge and agree that there are no collateral oral agreements between them with respect to the subject matter of this Agreement, the Employment Agreement, the Nonqualified Stock Option Agreements or any other agreement between the parties.

19. NO ADMISSION OF LIABILITY OR WRONGDOING. Each of the Parties acknowledges and agrees that the execution and delivery of this Agreement shall not constitute or be construed as an admission of any liability or wrongdoing on the part of any Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year set forth below.

Date: May 14, 1996

/s/ Joseph Livingston  
-----  
JOE LIVINGSTON  
  
TELETECH HOLDINGS, INC.

/s/ Kenneth Tuchman  
-----  
BY: KENNETH TUCHMAN,  
ITS CHIEF EXECUTIVE OFFICER  
  
TELETECH TELESERVICES, INC.

/s/ Kenneth Tuchman  
-----  
BY: KENNETH TUCHMAN,  
ITS CHIEF EXECUTIVE OFFICER  
  
TELETECH TELECOMMUNICATIONS, INC.

/s/ Kenneth Tuchman  
-----  
BY: KENNETH TUCHMAN,  
ITS CHIEF EXECUTIVE OFFICER

/s/ Kenneth Tuchman  
-----  
KENNETH TUCHMAN, INDIVIDUALLY

DATED April 30, 1996  
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SUBSCRIPTION AND SHAREHOLDERS AGREEMENT

(relating to)

ACCESS 24 LIMITED	(1)
TELETECH HOLDINGS, INC.	(2)
PRIPLAN INVESTMENTS LIMITED	(3)

LAWRENCE GRAHAM  
190 Strand  
London WC2R 1JN  
Tel: 0171-379 0000

Ref: 0245091.02

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#### AGREED DRAFTS

Acquisition Agreement  
 Business Plan  
 New Articles of Association  
 Loan Agreement  
 Fixed and Floating Charges  
 Intra Group Agreement  
 Equipment Sub-Lease  
 Secondment Agreements  
 Guarantee

THIS DEED is made the 30th day of April 1996

BETWEEN:-

- (1) ACCESS 24 LIMITED whose registered office is at Access 24 House, Bancroft Road, Reigate, Surrey RH2 7RP in the United Kingdom ("the Company");
- (2) TELETECH HOLDINGS, INC. a company registered in the State of Delaware in the United States of America whose registered office is at 1700 Lincoln Street, Suite 1400, Denver, Colorado, 80203 ("TeleTech");
- (3) PRIPLAN INVESTMENTS LIMITED whose registered office is at PPP House, Vale Road, Tunbridge Wells, Kent TN1 1BJ in the United Kingdom ("PPP").

WHEREAS:-

- (A) The Company was incorporated on 27 June 1995 and at present has an issued share capital of 2 ordinary shares held as to 2 Shares of L1 by TeleTech and has one subsidiary, Newco.
- (B) The Company leases certain assets for the purpose of operating services which provide information services to customers of the Company's clients.
- (C) The Company is in need of additional equity and loan capital in order to expand its operations and for this purpose PPP has agreed to purchase a shareholding in the Company, to subscribe for additional shares in the Company and to lend funds to the Company upon the terms and conditions hereinafter appearing.
- (D) Following completion of this Deed the Company will transfer its business and certain assets to Newco.
- (E) The parties hereto have agreed to govern their relations with each other upon the terms and the conditions hereinafter appearing.

IT IS AGREED as follows:-

1. DEFINITIONS

- 1.1 In this Deed and the Schedules hereto the following expressions shall have the meanings set out below, unless the context otherwise requires:-

"Access 24"	means Access 24 Service Corporation Pty Limited a company registered under the laws of Australia;
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"Accounts" means an audited balance sheet and audited profit and loss account for each year ended on 31 December of the Company to be prepared in accordance with recognized UK accounting standards and such other principles as the Shareholders may agree from time to time and insofar as is consistent with the Companies Acts and such standards, the accounts shall be prepared on a basis which, to the extent agreed by the Board, takes account of TeleTech's group reporting policies from time to time;

"Acquisition Agreement" means the agreement for the purchase by PPP of 50% of the issued ordinary share capital of the Company in the form of the agreed draft;

" "A" Director" means any director of the Company appointed by PPP in accordance with the provisions of Clause 9.2;

"agreed draft" means in relation to any document the draft of that document which has been initialled for the purpose of identification by or on behalf of the parties hereto or their respective solicitors;

"Agreement for Lease" an agreement for the grant of the Lease in respect of the Property dated 19th August 1995 between Invesco Group Limited (1) and Access 24 (2) together with the License to Sub-let and the License to Carry Out Alterations attached thereto in the agreed form;

"Associate" means any person or company who is a connected person as that expression is defined by section 839 of the Taxes Act;

"AT&T Guarantee" a guarantee issued by Access 24 in favor of AT&T whereby Access 24 has guaranteed the payments due to AT&T by the Company pursuant to an agreement for leasing certain computer and telecommunication equipment dated 28 November 1995 between the Company and AT&T which was novated in favor of the Company on 30 April 1996;

" "B" Director"	means any director of the Company appointed by TeleTech in accordance with the provisions of Clause 9.2;
"Board"	the board of directors of the Company as from time to time constituted;
"Business"	means the business of the Company as set out in detail in Clause 4;
"Business Day"	means any day (other than a Saturday or Sunday) on which banks are open for business in London;
"Business Plan"	means the business plan in the form of the agreed draft as prepared by TeleTech and PPP for the development of the Business to be formally adopted at the first meeting of the Board following Completion as amended or updated from time to time;
"Companies Act"	means the Companies Acts 1985 and 1989;
"Completion"	means completion of the obligations of the parties hereunder in accordance with the provisions of Clause 2 hereof;
"Completion Date"	the date of this Deed;
"Connected Person"	means in relation to any person or company, a person or company who is connected with them or it within the meaning of Section 839 of the Taxes Act;
"Director(s) "	means dependant on the context the directors of the Company from time to time;
"Equipment SubLease"	means an agreement between Newco and the Company whereby certain assets will be leased by the Company to Newco in the form of the agreed draft;
"Events of Default"	means the events of default set out in clause 15.1;



"financial year"	means a year or other financial period ending on December 31 in respect of which the Company prepares its accounts for audit in accordance with the relevant provisions of the Companies Act;
"Group"	means in the applicable context of either Shareholder any company which at the relevant time, is the ultimate holding company of the Shareholder, another subsidiary of such holding company or a subsidiary of such Shareholder (as such expressions are defined in Section 736 of the Companies Act);
"Healthline Agreement"	means an agreement between Access 24 and Private Patients Plan Limited dated 24 July 1995 relating to the provision of information services which was novated in favor of the Company on 30 April 1996;
"Intra-Group Agreement"	means the sale agreement between the Company and Newco in the form of the agreed draft whereby the staff, the business and certain assets of the Company (including the Healthline Agreement) are to be transferred to Newco;
"Intellectual Property Rights"	patents, trade marks and service marks, rights in designs, trade or business names, copyrights and topography rights (whether or not any of these is registered and including applications for registration of any such thing) and rights under licenses and consents in relation to any such thing and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;
"Lease"	means the agreed form lease attached to the Agreement for Lease;
"Loan Agreement"	means a loan facility agreement between the Company and PPP, the fixed and floating charges to be entered into by the Company and Newco and the guarantee to be provided by Newco to PPP in support of the Company's obligations under the Loan Agreement;

"New Articles"	means the new Articles of Association to be adopted by the Company concurrently with and subject to Completion in the form of the agreed draft as amended from time to time;
"Newco"	means Makecents Limited a wholly owned subsidiary of the Company details of which are set out in Part B of Schedule 1;
"Novation Agreement"	means an agreement between the Company Newco, Access 24 and Private Patients Plan Limited to novate the Healthline Agreement in favor of Newco;
"Ordinary Shares"	means the 1 "A" Ordinary Share of L1 in the Company to be held by PPP and 1 "B" Ordinary Shares of L1 to be held by TeleTech upon reclassification of its holdings of ordinary shares in the Company following completion of the Acquisition Agreement and to be created by the Resolutions;
"PPP's Solicitors"	means Lawrence Graham, 190 Strand, London WC2R 1JN;
"Preference Shareholders"	means PPP in its capacity as holder of Preference Shares;
"Preference Shares"	means the 1,000,000 2006 Cumulative Redeemable 7% Preference Shares of L1 each in the capital of the Company to be created by the Resolutions;
"Property"	means the leasehold property at Reigate which is the subject of the Agreement for Lease;
"Resolutions"	means the resolutions of the Company in the form set out in Schedule 2;
"Shareholders"	means TeleTech and PPP in their capacity as holders of Ordinary Shares;

"Shares" means any or all as the context requires of the "A" and "B" Ordinary Shares and the Preference Shares;

"Secondment Agreements" means agreements between Access 24 and Newco in respect of Messrs John Kendall and Louis Carroll in the forms of the agreed drafts;

"subsidiary" means a subsidiary as that expression is defined by Section 736(1) of the Companies Act;

"Taxation" all forms of taxation, duties, imposts, levies and rates whenever created or imposed and whether of the United Kingdom or elsewhere and all penalties and interest payable in respect thereof;

"Taxes Act" the Income and Corporation Taxes Act 1988;

"London Stock Exchange" means London Stock Exchange Limited;

"Value Added Services" means the services to be provided by the Company as set out in detail in Clause 4;

1.2 Any reference express or implied to an enactment (including any subordinate legislation) includes references to:-

- 1.2.1 that enactment as from time to time modified or re-enacted (with or without modification);
- 1.2.2 any enactment which that enactment re-enacts (with or without modification); and
- 1.2.3 any subordinate legislation made under that enactment or under any enactment referred to in paragraph 1.2.1 or 1.2.2 above;

1.3 Words denoting the singular shall include the plural and vice versa; reference to the masculine includes a reference to the feminine and neuter and bodies corporate.

1.4 In this Deed, unless the context otherwise requires, references to Schedules are to Schedules in this Deed and references to Clauses are to Clauses in this Deed and, references to paragraphs are to paragraphs of the Clause in which such reference appears. The Schedules form part of this Deed.

- 1.5 The headings in this Deed are for ease of reference only and shall not affect its interpretation.
- 1.6 Any date or period mentioned in any Clause may be extended with the approval of the Shareholders but otherwise time shall be of the essence.
- 1.7 In this Deed words and phrases the definition of which is contained or referred to in Part XXVI of the Companies Act shall be construed as defined therein.
2. COMPLETION
- 2.1 Completion shall take place on the Completion Date at the offices of PPP's Solicitors or such other offices as the parties may subsequently agree when:-
- 2.1.1 The parties to the extent applicable shall complete this Deed, the Acquisition Agreement and the Loan Agreement in accordance with their terms.
- 2.1.2 The Company shall pass the Resolutions.
- 2.1.3 PPP shall subscribe in cash for, and the Company shall allot the number of Preference Shares for the consideration of L1,000,000.
- 2.1.4 PPP shall pay in full for the Preference Shares by delivery to the Company of a bankers draft for, or a telex transfer in the amount of L1,000,000 and unless otherwise agreed in writing the subscription monies shall be solely applied by the Company for the purpose of repaying the amount of inter-company debt owed by the Company to Access 24 as at the date hereof being not more than L710,132.22 and for the balance to be used as working capital in accordance with the Business Plan.
- 2.1.5 TeleTech will appoint the "B" Directors and PPP will appoint the "A" Directors, all of whom will be elected to the Board.
- 2.1.6 The Company shall issue under its seal a certificate for the Preference Shares so allotted to PPP and shall register it as the holder thereof.
- 2.1.7 The Company shall file all the requisite forms and returns.
3. POST COMPLETION OBLIGATIONS
- 3.1 The Shareholders undertake and covenant with each other that immediately following Completion that:-

- 3.1.1 they will procure the repayment of the inter company indebtedness in the amount owed by the Company to Access 24.; and
- 3.1.2 they will procure that Newco applies for VAT Registration and applies to join the existing VAT Group of which PPP healthcare group limited is the representative member or such other VAT Grouping as PPP may from time to time determine.
- 3.1.3 thereafter they will procure the execution and completion of the following agreements in accordance with their respective terms and conditions:-
- (a) the Intra-Group Agreement;
  - (b) the Novation Agreement;
  - (c) the Equipment Sub-Lease
  - (d) such security documentation as is required to be entered into under the Loan Agreement.
- 3.1.4 the Company will, on behalf of Access 24, complete the Works and the Fitting Out Works and carry out and complete the Entrance Works (all as defined in the Agreement for Lease) in full compliance with the terms of the Agreement for Lease (as such agreement may be varied from time to time by parties thereto, save that Access 24 shall not agree to vary the terms thereof without the prior consent in writing of the Company, such consent not to be unreasonably withheld), and the Company shall indemnify and keep indemnified Access 24 against any losses, damages, costs (including reasonable and properly incurred professional fees) expenses or other liabilities suffered or incurred by it as a result of the failure by the Company to perform its obligations under this sub-clause.
- 3.2 PPP will indemnify and keep indemnified Teletech (for itself and as trustee for Access 24) against 50% of any losses, damages costs (including reasonable and properly incurred professional fees) expenses or other liabilities suffered by Access 24 as a result of a demand being made against it under the AT&T Guarantee save in respect of any demand which is caused by any breach of the contract with AT&T for which the AT&T Guarantee is provided.
- 3.3 Teletech will use its reasonable endeavors to procure that upon completion of the Lease to Access 24 in accordance with the Agreement for Lease and conditional upon obtaining all necessary consents pursuant to Clause 5.1 of the Agreement for Lease, Access 24 will assign the Lease to the Company.

3.4 If in any respect the provisions of sub-clause 3.1 are not complied with in full by all parties the Shareholders acknowledge and accept that such a failure would constitute a fundamental breach of this Deed.

4. BUSINESS OF THE COMPANY

4.1 The business of the Company shall unless and until the parties otherwise agree be confined to the provision of customer-care communications services using integrated voice and data communications technology which provide Value Added Services to clients of the Company ("Client(s)"). The Shareholders agree that Value Added Services are services that both:-

4.1.1 are not a routine transactional interaction between a Client and its customers (but may be combined with or connected to such a routine transactional interaction); and

4.1.2 are capable of being publicly advertised as a distinct value added service.

In addition to these two core principles the services shall also meet one or more of the following criteria in order to constitute Value Added Services:-

- (a) they are services for which a customer of a Client might be willing to pay additional fees;
- (b) they are provided by experts (such as nurses, nutritionists, etc) or specially trained personnel of the Company utilizing specially developed software packages for information storage and retrieval;
- (c) are services that enable a Client to differentiate itself from its competitors;
- (d) they are services that enhance an integral part of a Client's business; or
- (e) they are services that constitute information services and/or assistance services.

4.2 In the event that the Directors are not able to agree on whether a certain service falls within the above criteria the issue shall be put to a specially designated "A" Director, or such other "A" Director designated by PPP from time to time and a specially designated "B" Director, or such other "B" Director designated by TeleTech from time to time (collectively the "Designated Directors"); To initiate this resolution process, either Shareholder shall be entitled to deliver written notice to the other Shareholder and the Company specifying, in reasonable detail, the facts supporting its position that a specified proposed service is or is not a Value Added Service. During the 14 Business Days following the date of service by a Shareholder of the foregoing notice the Designated Directors shall attempt in good faith to resolve the dispute. Provided

that if TeleTech submits that a service to be provided from within the territory described in Clause 5 is one that (a) TeleTech performed for its clients prior to the date on which it acquired Access 24 AND (b) it is a routine transactional service that constitutes one or more of the following: (i) providing technical "help desk" product or service support or operating instructions/assistance relating to the installation or use by a customer of a client's product or service, (ii) processing and fulfilling requests for the purchase of or subscription to a client's product or service offerings, (iii) tracking package delivery and answering inquiries or resolving complaints relating thereto, (iv) answering billing or account queries, (v) reserving or confirming space, such as at seminars or on airline flights, (vi) activating product or service upgrades, or (vii) confirming receipt of products or services previously ordered; or (viii) equipping, staffing and managing call centers pursuant to a contract with a client in connection with TeleTech's provision of any of the services described in sub-clauses (i) to (vii) then the Specially Designated "A" Directors shall not be able to insist or maintain that such a service is a Value Added Service. If the dispute is resolved, the Designated Directors shall submit a joint letter to the Company informing it of the resolution. Any resolution agreed to by the Designated Directors will be binding on the Shareholders and the Company.

4.3 If the Designated Directors are unable, within the said 14 Business Day period, to resolve a dispute on whether a specified proposed service is or is not a Value Added Service, the dispute shall be submitted to a neutral third party, selected jointly by the Designated Directors, who is not affiliated with either Shareholder or the Company. If the Designated Directors are unable, within 7 Business Days, to agree upon the selection of a neutral third party, either or both of the Designated Directors may request that such party be chosen by the President of the Law Society, in London, England. The neutral third party, upon selection and upon execution of an appropriate confidentiality agreement, shall be supplied with any information which he may reasonably request in connection with the dispute. The neutral third party shall act as an expert, not as an arbitrator, and his decision shall not be binding on the Designated Directors. If the Designated Directors are unable to resolve the dispute based on the decision of the neutral third party, the Designated Directors shall advise the Shareholders in writing of such decision and the Shareholders then shall determine how the dispute should be resolved.

4.4 Any costs incurred in the operation of the resolution process provided for in Clauses 4.2 and 4.3 shall be borne by the Company.

## 5. EXPANSION OF THE BUSINESS

5.1 The Business shall be carried on by Newco through branches or other subsidiary companies established in the United Kingdom and Ireland.

- 5.2 The Company and Newco will not set up premises, facilities or branches to expand the Business in new territories outside of the UK and Ireland without the prior written consent of both PPP and TeleTech.
6. DEVELOPMENT OF THE BUSINESS
- 6.1 In the promotion of the Business and development of the facilities at the Property or such other properties as the Shareholders may agree to during the term of this Agreement PPP and TeleTech undertake to each other as follows:-
- 6.1.1 PPP or members of its Group will provide the services and manpower detailed in Schedule 3;
- 6.1.2 TeleTech or members of its Group will provide the services and manpower detailed in Schedule 3;
- 6.1.3 the development of the Business and the facilities at the Property (and at any future properties) will be phased in accordance with the Business Plan;
- 6.1.4 except to the extent otherwise specifically provided herein and to the maximum extent feasible, the Shareholders agree that the Company will operate as a stand alone business, including with respect to its marketing, sales, human resources, training, operations and financial functions, and that TeleTech and PPP will participate equally and actively to establish and manage the business on an ongoing basis;
- 6.1.5 the model for development of the facilities at the Property will, as appropriate, be based upon the TeleTech facility in Burbank, California, or as otherwise provided for in the Business Plan; and
- 6.1.6 that each of them will use its best endeavors to promote and develop the Business to the best advantage of the Company.
7. INTELLECTUAL PROPERTY RIGHTS
- 7.1 Subject to the provisions of this clause, the ownership of any Intellectual Property Rights developed or created by the Company during the term of this Agreement shall vest in the Company Provided that the Company will grant perpetual licenses to each Shareholder to use the same on a royalty free, unlimited seat and unlimited geographic basis.
- 7.2 Each of PPP and TeleTech will grant licenses to the Company to use any Intellectual Property Rights owned by it and which are applicable to the Business, on a royalty free unlimited seat basis which licenses will include rights to modify and/or enhance



such Intellectual Property Rights. Any enhancements or modifications to such licensed Intellectual Property Rights by the Company or TeleTech or PPP automatically will be owned by the owner of the licensed original Intellectual Property Rights with the Company automatically obtaining a license to such modifications and enhancements on the same terms as the Company's original license in respect of such Intellectual Property Rights.

- 7.3 In the event that either PPP (or any member of its Group) or TeleTech (or any member of its Group) ceases to be a holder of its Shares (the "Departing Shareholder"):-
- 7.3.1 all licenses of Intellectual Property Rights granted to the Company (or to any Associate of the Company) by the Departing Shareholder or any Associate of the Departing Shareholder and in effect at such date (the "Termination Date") shall continue to have effect, but solely in respect of any service agreements between the Company and its Clients in existence at the Termination Date, until such service agreements expire or are terminated.
- 7.3.2 the Departing Shareholder shall offer to provide, or continue to provide, following the Termination Date service and maintenance of Intellectual Property Rights licensed to the Company at the commercial rates then charged by it, as the same may be amended from time to time; and
- 7.3.3 subject to clause 7.3.1, after the Termination Date, the Departing Shareholder may grant new licenses to the Company or renew existing licenses upon expiration of the same, in its sole discretion and on such commercial terms as the parties may negotiate on an arms length basis.

#### 8. FUTURE FUNDING AND PUBLIC OFFERS

- 8.1 In addition to the shares to be subscribed for under Clause 2.1.3 the Shareholders undertake to subscribe in equal proportions for any shares offered by the Company by way of any rights issue, approved unanimously by the Board, in the event that the monies raised by the issue of the Preference Shares and the monies advanced under the Loan Agreement have been fully utilized by the Company but additional sums of money are required by the Company.
- 8.2 If any rent deposit and/or guarantee of the performance of the obligations of the Company is required by the landlord in respect of the Property in order for it to give its consent to an assignment of the lease either such rent deposit shall be contributed on an equal basis or such guarantee shall be given jointly and severally by the Shareholders PROVIDED THAT each Shareholder shall indemnify the other Shareholder to the extent that the other Shareholder is required to pay more than one half of the total sum (including costs, interest and other charges) required to be paid

under such guarantee to the intent that each Shareholder shall only bear one half of the liability under such guarantee. FURTHER PROVIDED THAT in the event that either Shareholder disposes of its shares to the other Shareholder then the Shareholder acquiring such shares will use all reasonable endeavors to obtain the release of that Shareholder from any rent deposit, guarantees and indemnities which it may have given pursuant to this Deed in respect of any of the liabilities or obligations of the Company to third parties and pending the obtaining of such release the other Shareholder and shall keep that Shareholder fully and effectively indemnified against any liability pursuant to any such guarantees or indemnities.

- 8.3 In the event that the Company by way of unanimous decision of the Board decides to make an application for admission of all or any part of its share capital to the Official List of the London Stock Exchange, or the grant of permission to deal in the same on the alternative investments market, or any other recognized stock exchange in the United Kingdom or in the United States of America, the Company hereby undertakes and covenants with the Shareholders that it will upon receipt of written notice from any Shareholder procure to include all the Ordinary Shares owned by it (or such portion as shall be designated by such Shareholder) in such application.

9. BOARD OF DIRECTORS

- 9.1 Unless otherwise agreed by the parties hereto, the number of Directors of the Company shall not exceed eight.

- 9.2 The Shareholders shall each be entitled to appoint up to four Directors to the Board and to appoint a new director to take the place of any Director appointed by it who vacates office for any cause. A Director shall be removed either at the request of the Shareholder who requested his appointment upon such Shareholder serving written notice on the Director and copying the same to the Board, or by a resolution of the majority of the Board (exclusive of the Director whose conduct is at issue) for Cause. Directors appointed by PPP shall be "A" Directors and Directors appointed by TeleTech shall be "B" Directors. For purposes of this Clause 9.2, "Cause" shall mean a Director's (i) breach of, or wilful and continued failure to perform his duties as a director of the Company, (ii) wilful conduct which, upon the unanimous determination of the Board, reached in good faith, (exclusive of the director whose conduct is at issue), is significantly injurious or detrimental to the Company, (iii) conviction for or a plea of guilty to any serious material criminal offence.

- 9.3 In addition to their powers to appoint Directors each Shareholder will be entitled to appoint one observer who will be entitled to receive notice of board meetings and attend the same but will have no right to vote on any issues put before such meetings.

- 9.4 Any Director appointed under Clause 9.2 shall be entitled to pass to the Shareholder appointing him full details of any information which may come into his possession as

such Director and the Company shall ensure that each Director is fully and regularly informed of the trading and financial position of the Company and is supplied with whatever information relating to the Company as he may reasonably require to fulfil his duties as a Director.

- 9.5 Each Director shall be entitled to appoint an alternate pursuant to the New Articles.
- 9.6 Each of the Shareholders undertakes that there will be at all times a Director appointed by him pursuant to Clause 9.2 able and willing to act as such Director.
- 9.7 The Chairman of any Meeting of the Board shall not have a casting vote.
- 9.8 Save unless the Shareholders or the Directors shall unanimously consent in writing each Director shall be given reasonable notice of all Board Meetings (being not less than fourteen Business Days) in accordance with the New Articles and shall be entitled to inspect any documents or assets of the Company.
- 9.9 The Company Secretary of the Company shall be Edward Davis.
10. APPROVAL OF CERTAIN ACTIVITIES
- 10.1 The matters set out in Schedule 4 shall only be undertaken by the Company if all the Directors unanimously shall have voted in favor of the proposed course of action and save as required by law no meeting of the Shareholder shall be convened by the Directors or any Shareholders' resolution be put to the Shareholders unless the Directors shall have voted unanimously to convene such proposed meeting or voted unanimously in favor of the proposed resolution.
- 10.2 A meeting of the Board or a meeting of the Shareholders shall not be quorate unless in the case of a Board Meeting at least one "A" Director and one "B" Director (or their designated alternate directors) is present and in the case of a Shareholders' Meeting the duly authorized representative or proxy of each Shareholder and the Preference Shareholders is present in each case throughout the Meeting.
- 10.3 The Shareholders undertake to each other not to requisition meetings of the Shareholders pursuant to the Companies Act.
11. FINANCIAL STATEMENTS AND ACCOUNTS OF THE COMPANY
- 11.1 The Company and the Shareholders shall procure that management reports including financial statements showing the trading position of the Company, a profit and loss account for the year to date and balance sheet shall be prepared and circulated to all Shareholders and Directors at least once every 3 months.

- 11.2 The Accounts of the Company shall be made up to 31st December in each year or such other date as may be resolved by the Board.
- 11.3 The Auditors of the Company shall be Messrs Coopers & Lybrand.
- 11.4 All books of account daily income and expenditure records and bank paying in books shall be kept open for inspection by each of the Shareholders or its directors.
- 11.5 The Company's bank mandate shall require the signature of one "A" Director and one "B" Director (or any other designated signatories as the directors unanimously appoint) for all transactions in excess of L100,000.
12. CHARGING OF THE SHARES
- None of the Shareholders shall, except with the prior written consent of the others, create or permit or subsist any pledge, lien or charge over, or grant any option or other rights to dispose of any interest in, all or any of the Shares held by it (otherwise than by a transfer of such Shares in accordance with the provisions of the New Articles).
13. TRANSFER OF SHARES
- 13.1 No Shareholder shall be entitled to transfer its shares in the Company, or any interest therein, except in accordance with the provision of the New Articles and the Company shall not recognize or accept for registration any transfer or purported transfer in contravention of the New Articles.
- 13.2 The parties shall procure that before any person (other than a person who is already a Shareholder) is registered as a holder of any share in the Company such person shall enter into a deed of adherence in the form set out in Schedule 5 to this Deed. The Company shall not register any such person as the holder of any share until such a deed has been executed and upon being so registered that person shall be deemed to be a party to this Deed.
- 13.3 The Company shall not register any transfer made in breach of sub-clause 13.1 and the shares comprised in any transfer so made shall carry no rights whatsoever unless and until in each case the breach is rectified.
14. TELETECH PUT OPTION
- 14.1 If it is alleged that Private Patients Plan Limited is in breach, other than a breach caused solely or predominantly by the breach of the Company or TeleTech, of any material obligation which it owes to the Company under the Healthline Contract, PPP agrees that the prosecution of any right of action which the Company may have in respect thereof shall be passed to the "B" Directors who shall have full authority on

behalf of the Company to negotiate, litigate and settle any claim arising therewith and PPP shall take all steps within its power to give effect to the provisions of this sub-clause;

- 14.2 The provisions of sub-clause 14.1 shall apply mutatis mutandis in relation to any such breach of the Healthline Contract caused solely or predominantly by TeleTech as a result of its failure to provide the Company with the Intellectual Property Rights and support detailed in Schedule Three and the conduct of any claim by the Company in respect thereof shall be passed to the "A" Directors;
- 14.3 In the event of any breach by Private Patients Plan Limited of its obligations under the Healthline Contract, other than by reason of the Company's breach of the Healthline Contract in accordance with its terms and specifications, which the Shareholders are unable to resolve and which:-
- 14.3.1 occurs within eighteen months of the date of this Deed; and
- 14.3.2 is not remedied within 30 days of written notice having been given by the "B" Directors detailing the breach; and
- 14.3.3 gives rise to a loss to the Company of Service Fees due under the Healthline Contract for four months or more;

then notwithstanding the provisions of sub-clause 14.1 TeleTech shall have the option to require PPP to purchase all of its Ordinary Shares by giving written notice, on the exercise of which PPP shall become bound to purchase and TeleTech shall become bound to complete the sale of such shares for a price equal to the total valuation price per share which shall be the value as determined in accordance with the provisions of Schedule 6.

15. EVENTS OF DEFAULT OPTION

- 15.1 The following shall be Events of Default in relation to either Shareholder:-
- (a) any breach by such Shareholder of its material obligations under this Deed if such default is incapable of remedy or, if capable of remedy, such default continues unremedied for 30 days after notice thereof has been given by the other Shareholder to the said Shareholder and the Company;
- (b) the Shareholder whilst insolvent compounds or proposes or enters into any re-organization or other special arrangement with its creditors or is unable to pay its debts within the meaning of S.123 Insolvency Act 1986 or in respect of TeleTech the Bankruptcy Reform Act 1978;

- (c) an encumbrancer lawfully takes possession (and does not relinquish possession within 30 days) or an administrative receiver or receiver is validly appointed of the whole or a substantial part of the undertaking, property or assets of the Shareholder or an administration order is made in respect of the Shareholder (and such appointment is not vacated or administration order dismissed within 30 days);
- (d) an order is made or an effective resolution is passed or any analogous proceedings are taken for the winding up of the Shareholder other than a members' voluntary liquidation solely for the purpose of a solvent amalgamation or reconstruction on terms previously notified in writing to the Other Shareholder;
- (e) any of the matters referred to in paragraphs (b), (c) and (d) above occurs in relation to any holding company for the time being of the Shareholder;

15.2 Upon the occurrence of an Event of Default in relation to one Shareholder (the "Defaulting Shareholder") the other Shareholder ("Other Shareholder") shall be at liberty whilst such default continues unremedied to give notice (a "Default Notice") to the Defaulting Shareholder requiring the Defaulting Shareholder to sell its shares in the Company ("the Shares") to the Other Shareholder for a price equal to the total valuation price for such Shares which shall be the value as determined in accordance with the provisions of Schedule 6 ("the Valuation Price").

15.3 Any Preference Shares owned by a Defaulting Shareholder shall be transferred to the Other Shareholder concurrently with the transfer, pursuant to this Clause 15, of the Defaulting Shareholder's Ordinary Shares and upon payment by the Other Shareholder of consideration equal to the issue price per Preference Share plus any dividends accrued up to the date of purchase but unpaid thereon.

15.4 Once the Valuation Price has been determined as provided in Clause 15.2, the said Shares shall be transferred to the Other Shareholder within a period of fourteen days after such valuation and each Shareholder hereby appoints the Other Shareholder as its attorney to execute such transfer on its behalf and in its name in default of its doing so within such period and to receive the Valuation Price on its behalf, such appointment being irrevocable and by way of security for its obligations hereunder.

#### 16. NON-COMPETITION/CONFIDENTIALITY

16.1 Each of the Shareholders undertakes and covenants that while it continues to hold shares in the Company and for a period of 18 months following the date of its ceasing to be a Shareholder it will not provide and will procure that no member of its Group (except the Company) will provide Value Added Services that emanate or originate from within the United Kingdom or Ireland or such other jurisdictions as the Company

may subsequently operate out of in accordance with this Deed (collectively, the "Territory") without the prior written consent of the other Shareholder, except for any such services that are merely incidental to a multinational services agreement pursuant to which such Shareholder provides such services to a client predominantly from a call center located outside the Territory. PROVIDED THAT nothing in this Clause shall prevent any of the Shareholders from holding up to 5% of any class of the stocks shares or debentures in any public limited company whose stocks shares or debentures are listed or quoted on a stock exchange or dealt in on an unlisted securities market.

- 16.2 Each Shareholder acknowledges that it may be furnished with or may otherwise obtain or have access to proprietary or confidential information regarding the Company or its subsidiaries or Clients, the other Shareholder and/or other businesses of the other Shareholder, which information may include business ideas, plans or concepts, financial plans or projections, marketing plans and know-how, trade secrets, customer and supplier names, and other confidential and proprietary technical, financial or business information (collectively, "Confidential Information"). Each Shareholder acknowledges that all Confidential Information, whether in oral, written, encoded, graphic or other tangible or intangible form, is subject to the terms of this Deed.
- 16.3 Notwithstanding the foregoing, the following shall not be considered Confidential Information subject to the duty of protection imposed by this Deed:
- 16.3.1 information that is or becomes generally available to and known by the public other than as a result of an unauthorized disclosure by a Shareholder;
- 16.3.2 information which is received by a Shareholder on a non-confidential basis from a third person who is not under any obligation to maintain the confidentiality thereof; or
- 16.3.3 information that a Shareholder can prove was independently developed by it without breaching its confidentiality obligations under this Deed.
- 16.4 So long as it is a shareholder of the Company and at all times thereafter, each Shareholder agrees to:
- 16.4.1 hold all Confidential Information in confidence and protect it from disclosure with at least the same degree of care by which such Shareholder protects its own propriety or confidential information, but in no event less than a reasonable degree of care;
- 16.4.2 restrict disclosure of Confidential Information solely to those directors, officers, employees or representatives of Shareholder or any member of the Shareholders Group (collectively, "Representatives") who have a need to know such Confidential Information in connection with such Shareholder's

performance of services on behalf and for the benefit of the Company;  
provided that such Representatives first are informed of the  
confidential nature of the subject matter of such disclosure;

16.4.3 use Confidential Information relating to the Company only in  
connection with the performance of services on behalf and for  
the benefit of the Company;

16.5 Notwithstanding Clause 16.4, a Shareholder is permitted to disclose  
Confidential Information to the extent that, in the opinion of such  
Shareholder's outside legal counsel, such disclosure is required pursuant  
to applicable law, rule or regulation, including without limitation in  
the case of TeleTech the United States Securities Act of 1933, as  
amended, or is legally compelled by judicial or administrative order,  
deposition, interrogatory, request for documents, subpoena,  
investigative demand or other process or otherwise is necessary in  
connection with any claim or litigation arising under or with respect  
to this Deed. In the event that a Shareholder or its Representatives  
becomes subject to a demand for discovery or other request for  
disclosure of Confidential Information, such Shareholder, on its own or  
on its Representative's behalf, shall give prompt notice of such demand  
or request to the Company or the other Shareholder, as appropriate, and  
shall cooperate, as reasonably requested, in seeking a protective order  
or other appropriate remedy and/or, to the extent permitted by law, with  
respect to the form of such required disclosure.

16.6 The Confidential Information shall be and remain the property of the  
Company or the applicable Shareholder, as appropriate. Within 10 days  
after a Shareholder ceases to be a shareholder of the Company, such  
Shareholder shall (a) return to the Company or the other Shareholder, as  
appropriate, or at the Company's or other Shareholder's sole discretion,  
destroy (and confirm such destruction in writing) all Confidential  
Information in its possession that relates to the Company or the other  
Shareholder and (b) destroy all studies, analyses, reports or other  
documents prepared by such Shareholder or its Representatives which  
contain or are based, in whole or in part, on the Confidential  
Information, which destruction shall be confirmed in writing within such  
time period; provided that the Company or the other Shareholder shall  
provide such information and documentation as the departing Shareholder  
may reasonably request in relation to matters required by it for the  
purposes of preparing its own accounts or in respect of its taxation  
affairs.

16.7 Each Shareholder acknowledges that the Confidential Information it may  
receive or obtain in the course of its association with the Company would  
give such Shareholder an unfair competitive advantage. In light thereof,  
and in consideration for entering into this Deed and the Acquisition  
Agreement, each Shareholder agrees that, for so long as it is associated  
with the Company and for 18 months thereafter, such Shareholder shall not  
solicit, attempt to solicit or cause the solicitation or attempted  
solicitation, and shall procure that no member of its Group shall  
solicit, attempt to solicit or cause the solicitation or attempted  
solicitation, of:



- 16.7.1 any Client of the Company to cease doing business with the Company or any of its subsidiaries; or
- 16.7.2 any employee of the Company to leave his or her employment with the Company or its subsidiaries and accept employment elsewhere; provided that such restrictions do not apply to any solicitation for employment directed at the public in general (I.E., through advertisements in publications of general circulation) or with respect to any employee of the Company who is also an employee of such Shareholder or any of its affiliates.
- 16.8 If either PPP or TeleTech or any member of their respective Groups wish to conduct business similar to the Business through its own premises and facilities located in the Territory, it shall do so only with the prior written consent of the other.
- 16.9 If either PPP or TeleTech or any member of their respective Groups proposes to set up premises, facilities or branches in any European country other than the countries in the Territory for the purposes of providing services similar to the Business it undertakes to notify and discuss its plans with the other Shareholder and the Company prior to doing so. Provided that such an obligation to notify and discuss does not impose any further obligation to conduct such business through the Company or with the other party.
- 16.10 Each of the Shareholders undertakes to the other to take all such steps as shall from time to time be necessary to ensure compliance with the provisions of Clause 16.4-16.7 by its employees, agents and sub-contractors.
- 16.11 While the restrictions in Clause 16.7 are considered by the Shareholders to be reasonable in all the circumstances, if any one or more of such restrictions shall either taken by itself or themselves together be adjudged to go beyond what is reasonable in all the circumstances for the protection of the Company's legitimate interest but would be adjudged reasonable if any particular restriction or restrictions were deleted or any part or parts of the wording thereof were deleted, restricted or limited in any particular manner, then the said restrictions shall apply with such deletions, restrictions or limitations as the case may be.
- 16.12 No provision of this Deed, by virtue of which this Deed is subject to registration (if such be the case) under the Restrictive Trade Practices Act 1976, shall take effect until the day after particulars of this Deed have been furnished to the Director General of Fair Trading pursuant to Section 24 of that Act. For this purpose the expression "this Deed" includes any agreement or arrangement of which this Deed forms part and which is registrable or by virtue of which this Deed is registrable.
- 16.13 The costs of any registration pursuant to clause 16.12 and the Healthline Contract shall be borne by the Company.

16.14 Each Shareholder acknowledges and agrees that any breach of this Clause 16 would cause irreparable damage to the Company and/or the other Shareholder, as appropriate, for which damages would not be an appropriate remedy or would not be ascertainable. The non-breaching Shareholder, therefore, shall be entitled to specific performance and/or injunctive relief with respect to any actual or threatened breach of this Clause 16 by the other Shareholder, in addition to any other remedies that may be available at law or in equity. Each Shareholder agrees not to oppose the granting of such equitable relief and to waive any requirement for the securing or posting of any bond in connection with such remedy.

17. GROUP GOVERNANCE

The expression "the Company" where used in clauses 4, 6, 7, 8.2, 9, 10, 11, 16, 17, Schedule 3 and Schedule 4 shall be deemed by the parties to apply to include Newco and each of the other companies which are subsidiaries of the Company (if any) from time to time to the intent and effect that the parties covenant and undertake to each other to control and manage Newco and any subsequent subsidiaries in accordance with the principles of the provisions of clauses 4, 6, 7, 8.2, 9, 10, 11, 16, 17, Schedule 3 and Schedule 4 unless otherwise agreed.

18. ANNOUNCEMENTS

No announcement concerning this Deed or any ancillary matter or any information concerning either party's involvement with or interest in the Company including (without limitation) any of the terms set forth in this Deed shall be made disclosed or divulged before or after Completion by any party hereto without the prior written approval of the other parties (such approval not to be unreasonably withheld) provided that TeleTech or PPP shall be entitled to make any of such disclosures, after consultation with the other, to the extent it believes in good faith that such disclosures are required by applicable law, including, in the case of TeleTech, the United States Securities Act of 1933, as amended, or the laws or regulations of any recognized stock exchange.

19. WAIVERS

19.1 No delay or omission of any party in exercising any right, power or privilege under this Deed shall impair such right, power or privilege, or be construed as a waiver of such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise of such right, power or privilege, or the exercise of any other rights, powers or privileges. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

- 19.2 Save as otherwise expressly stated herein no provision of this Deed may be amended, waived, discharged or terminated nor may any breach of the provisions of this Deed be waived or discharged except (in each case) by an instrument in writing signed by or on behalf of each party against which enforcement of the amendment, waiver, discharge or termination is sought.
20. EXPIRATION
- This Deed shall commence on the date hereof and shall expire and (save for pre-existing breaches and the provisions of Clauses 7.3, 16, 18, 19, and 21 through 27) be of no further force or effect upon either PPP or TeleTech ceasing to hold any Shares.
21. COUNTERPARTS
- This Deed may be executed in any number of counterparts and by the different parties in different counterparts and all such counterparts shall be deemed to constitute one and the same instrument.
22. WHOLE AGREEMENT AND CONFLICT
- 22.1 This Deed contains the whole agreement between the parties hereto relating to the transactions herein provided for and supersedes previous agreements between the parties hereto (if any) relating thereto.
- 22.2 In the event of any conflict between the provisions of this Deed and the New Articles the provisions of this Deed shall prevail.
23. INVALIDITY AND SEVERABILITY
- If any provision of this Deed shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable the invalidity or unenforceability of such provision shall not affect the other provisions of this Deed and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The parties hereby agree to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the economic legal and commercial objectives of the invalid or unenforceable provision.
24. NO PARTNERSHIP
- Nothing contained in this Deed shall be deemed to constitute a partnership between the parties hereto or any of them and no party shall hold himself out as an agent for any other party save with the prior consent of such other party.
25. NOTICES

25.1 Any notice to be given by any party to this Deed shall be in writing and shall be deemed duly received if delivered personally or sent by telex or by prepaid registered post (airmail in the case of an address for service outside the United Kingdom) to the addressee and at the address or (as the case may be) the telex or facsimile number of that party set opposite its name below:-

PARTY -----	ADDRESS -----	TELEX NO. -----
PPP healthcare group limited Attn: Group Secretary	PPP House Vale Road Tunbridge Wells Kent TN11 1BJ. Fax: 01892 505678	
TeleTech Holdings, Inc.  Attn: Chief Executive Officer Attn: Chief Financial Officer	1700 Lincoln Street Suite 1400 Denver, Colorado 80203 Fax: 303 894 4203 Fax: 303 894 7321	

with a copy to:  
Neal, Gerber & Eisenberg  
Two North Lasalle Street  
Chicago  
Illinois 60602  
Attn: Charles E. Gerber (312) 269 1747

(or at such other address (or telex) as the party to be served may have notified in accordance with the provisions of this clause) for the purposes of this Deed.

25.2 Any notice sent by telex or facsimile shall be deemed served when dispatched and any notice served from within the United Kingdom by prepaid registered post shall be deemed served 48 hours after posting to an address in the United Kingdom, or 7 days after posting by air mail from one jurisdiction to an address in another jurisdiction.

25.3 In proving service of any notice it shall be sufficient:-

- 25.3.1 in the case of a telex, to prove only the dispatch of such telex and the receipt of the correct answerback code or transmission report as the case may be;
- 25.3.2 in the case of delivery in person, to prove that the notice was delivered or left at the correct address;

25.3.3 in the case of delivery by prepaid registered post, to produce the relevant certificate of posting.

26. PROPER LAW

The parties hereto hereby submit to the non-exclusive jurisdiction of the High Court of Justice in England in relation to any claim, dispute or difference which may arise hereunder and hereby agree for the purpose of Order 10, Rule 3 of the Rules of the Supreme Court of England (or any modification or re-enactment thereof), and in any legal proceeding in any other jurisdiction, that any process may be served on any of them by leaving a copy thereof or by posting a copy addressed to them at their address as provided in this Deed.

27. ASSIGNMENT

This Deed shall not be assignable by any party hereto without the prior written consent of the other save that in the event such assignee ceases to be a member of a Shareholders Group it shall re-assign this Deed to an assignee within such Shareholders Group. Further provided that PPP may novate its rights and obligations under this Agreement (provided that all other agreements which evidence the joint venture to which PPP is a party (the "ancillary agreements") are also novated or assigned) to PPP healthcare limited or PPP healthcare group plc without any further consent of TeleTech by delivering to TeleTech a written notice of novation executed by PPP and PPP healthcare limited or PPP healthcare group plc under which PPP healthcare limited or PPP healthcare group plc agrees to assume all rights and obligations of PPP under this Agreement and the ancillary agreements and to which the Company and TeleTech will be a party and execute the same.

AS WITNESS whereof this Deed has been executed by or on behalf of each of the parties hereto the day and year first above written.

## SCHEDULE 1

## PART A

## DETAILS OF THE COMPANY PRIOR TO AND POST COMPLETION

	(1) PRIOR TO COMPLETION -----	(2) POST COMPLETION -----
Name	Access 24 Limited	Access 24 UK Limited
*Registered Number	3074552	-
Date of Incorporation	27th June 1995	-
Authorized Share Capital:		
Ordinary	100	1,000,100
A - Ordinary	None	-
B- Ordinary	None	50
Preference	None	50
		1,000,000
Issued Share Capital:		
Ordinary	2	
A - Ordinary	None	1
B - Ordinary	None	1
Preference	None	1,000,000
Shareholders/Number/ Class of Shares held		
TeleTech	Two	One
PPP	None	One
Directors	Louis Carroll	A - Peter Owen
	John Kendall	A - Ian Riley
		B - Louis Carroll
		B - Ken Tuchman
Secretary	Annette Louise Heywood	Edward Davis
Auditors	Arthur Andersen	Coopers & Lybrand
Registered Office	Access 24 House, Barncroft Road, Reigate, Surrey, RH2 7RP	Same
Accounting Reference Date	31/12	31/12
Mortgages, Debentures and other Charges	None	PPP

## PART B

## DETAILS OF NEWCO POST COMPLETION

	PRIOR TO COMPLETION -----	POST COMPLETION -----
Name	Makecents Limited	Access 24 Limited
*Registered Number	3167020	-
Date of Incorporation	4 March 1996	-
Authorized Share Capital:	L1,000	-
Ordinary	1,000	-
Issued Share Capital:	L2	-
Ordinary	2	-
Shareholders/Number/Class of Shares held		
Access 24 Limited	2	-
Directors	Louis Carroll Ken Daryl Tuchman	A. Peter Owen A. Ian Riley B. Louis Carroll B. Ken Tuchman
Secretary	Louise Annette Heywood	Edward Davis
Auditors	Arthur Andersen	Coopers & Lybrand
Registered Office	Access 24 House Bancroft Road Reigate Surrey RH2 7RP	
Accounting Reference Date	31/12	31/12
Mortgages, Debentures and other Charges	None	In favor of PPP

SCHEDULE 2

RESOLUTIONS

ORDINARY RESOLUTIONS

We, the undersigned, being the Sole Member for the time being of the above-named Company entitled to receive notice of, and to attend and vote at, General Meetings of the Company HEREBY PASS the following written resolution and agree that the said resolution shall, pursuant to Clause 53 in Table A (which Clause is embodied in the Articles of Association of the Company), for all purposes be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held.

It is hereby resolved:

1. THAT the terms of the Subscription and Shareholders' Agreement to be entered into between (1) the Company, (2) TeleTech Holdings, Inc. and (3) Priplan Investments Limited, (a copy of which is attached hereto as Annexe "A") be and are hereby approved notwithstanding the interests of the directors of the Company in such agreement and the Company or its duly authorized attorney be and is hereby authorized to execute the Subscription and Shareholders' Agreement and all related documentation pursuant to an authority of the Board of Directors of the Company.
2. THAT the authorized share capital of the Company be increased by L1,000,000 to L1,000,100 by the creation of 1,000,000 7% per cent Cumulative Redeemable Preference Shares of L1 each having the rights and being subject to the restrictions as set forth in the New Articles of Association referred to in Resolution 3 below.
3. THAT the regulations contained in the document marked "New Articles of Association of Access 24 Limited" (a copy of which is annexed hereto as Annexe "B") be and the same are hereby adopted as the Articles of Association of the Company to the exclusion of, and in substitution for, the existing Articles of Association and all regulations incorporated therein.
4. THAT pursuant to Section 80 of the Companies Act 1985 ("the Act") the Directors be unconditionally authorized to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in Section 80 of the Act) of the Company to such persons at such times and generally on such terms and conditions as the Directors may determine provided that:-
  4. the authority hereby conferred shall be for a period expiring on 30 June 1996 (unless previously renewed, varied or revoked by the Company in General Meeting);
  - 4.2 the maximum amount of such relevant securities as aforesaid which may be allotted pursuant to such authority shall be the authorized but as yet unissued share capital of the Company as increased by Resolution 2 above;



- 4.3 the Directors may allot relevant securities pursuant to this authority after 30 June 1996 pursuant to an offer or agreement made by the Company on or before that date as if such authority had not expired.
5. THAT the two ordinary shares of the Company in issue at the date hereof be and are hereby re-Classified as "A" and "B" ordinary shares and that the 98 authorized but unissued ordinary shares of the Company as at the date hereof be and are hereby re-classified as 49 "A" ordinary shares and 49 "B" ordinary shares.
6. THAT the Company's name be changed to Access 24 UK Limited.

Dated this            day of April 1996

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Teletech Holdings, Inc.

## DEVELOPMENT OF THE BUSINESS

1. In the event there is unused capacity at the Property, both PPP and TeleTech agree to cooperate with each other and the Company to utilize such capacity. Each of PPP and TeleTech shall be entitled to enter into short-term leases on an "arms length" basis to allow either of PPP or TeleTech to utilize equipment and facilities; provided that open seats each seat being a space for one person equipped with a computer terminal, telephone linkup and appropriate office equipment will not be leased for less than L4,650 plus VAT per annum per seat and that each such lease will be terminable on notice of six months by either party to such lease. PPP and TeleTech agree that no more than 50% of the available capacity of the Property at any time will be leased to PPP and/or TeleTech. Each of PPP and TeleTech also agrees that should it terminate (other than for cause) any such short-term lease to which it is a party on less than six months notice it will be required to pay the agreed rental for the unexpired period of the 6 month notice period. In the event that the Company terminates such short term lease on less than 6 months notice there shall be no damages payable to either PPP or TeleTech for such termination, subject to the Company giving not less than 90 days written notice.
2. So long as it is a Shareholder, TeleTech will provide the Company with the following services and support at NO cost:-
  - (i) technological know how and expertise to develop the facilities at the Property or such other properties as the Company operates out of in accordance with the terms of this Agreement as promptly as commercially practicable in accordance with a phased program (to be agreed);
  - (ii) with respect to technology owned by TeleTech on the Completion Date technology upgrades and additions as appropriate, including access to TeleTech information technology and intellectual property developments for the Business for example CTI Applications Software Predictive Dialing Systems and Database Dialling Systems provided however that if any such technology is owned by a third party TeleTech shall endeavor to procure from such third party a license for the Company to use such technology, the fees and expenses for which shall be borne by the Company;
  - (iii) exclusive use of the name "Access 24" within the Territory pursuant to a license in perpetuity;
  - (iv) access to TeleTech quantity purchasing benefits to the extent practicable;
  - (v) marketing and sales support from TeleTech personnel as appropriate;
  - (vi) management support through the active participation of TeleTech personnel on the board of directors and day-to-day as appropriate; and

- (vii) any and all new agreements for Value Added Services to be delivered from within the Territory.
3. The services of John Kendall on the basis of 44 days per annum for the period from the date of Completion to 31 December 1997 at the cost of L24,000 per annum, and Louis Carroll on the basis of 33 days per annum for the period of from the date of Completion to 31 December 1996 at the cost of L18,000 per annum.
4. So long as it is a Shareholder TeleTech will provide the Company with the support of its programmers and other appropriate personnel to develop new products for the Business, as requested which for the avoidance of doubt shall mean developments undertaken in accordance with the Business Plan and shall not mean programming required for the purposes of paragraph 2(ii) above. This support will be provided at cost, which is deemed to be an individual employee's salaried hourly rate multiplied by two plus direct expenses such as expenses for travel and accommodation.
5. So long as it is a Shareholder, PPP will provide the Company with the following services and support, at no cost:-
- (i) marketing and sales co-operation by way of introductions on an ongoing basis;
  - (ii) management support through active participation of PPP personnel on the Board of Directors and day-to-day as appropriate;
  - (iii) access by way of introductions to PPP quantity purchasing benefits to the extent practicable; and
6. PPP will contract with the Company in respect of any and all new agreements for Value Added Services for PPP within the Territory on an arm's length basis. Provided that PPP agrees that any new agreement described in this clause 6 to be performed by the Company will be priced so that the Company will earn a 60% - 65% gross margin. For the purposes of this clause gross margin shall be calculated by the use of the following equation:
- $$\frac{R - C}{R} \times 100 = \text{gross margin}$$
- where
- R - is total sales revenue from a contract
- C - is variable expenses of direct labor, national insurance, pensions and communication expenses relating to such contract.
7. PPP will grant the Company a right to first refusal for all existing contracts of PPP for Value Added Services as they come up for renewal, at commercial market rates and on terms that match the quality and specifications of a competitor's bid.
8. PPP will grant the Company a right to match third party non-Value Added Services which are similar to services offered under PPP's SOS contract or, Stressline contract;

Provided however that if the Company offers to provide such third party non-Value Added Services at competitive rates and on terms that match the quality and specifications of the chosen competitor bid, PPP will grant to the Company the right to provide such non-Value Added Services.

9. PPP also agrees to refer its corporate clients to TeleTech for outsourcing services as circumstances allow.
10. PPP will provide the Company with:-
  - 10.1 dedicated PPP personnel (to be specified from time to time) at actual cost to PPP;
  - 10.2 the support of its programmers and other appropriate personnel to develop new Value Added Services products for the Business, as requested, which for the avoidance of doubt, shall not mean programming required for the purposes of paragraph 2(ii) above.
  - 10.3 The support to be provided under this Clause 10.2 will be provided at "cost," which is deemed to be an individual employee's salaried hourly rate multiplied by two, plus direct expenses, such as expenses for travel and accommodation.

SCHEDULE 4

MATTERS FOR APPROVAL

The following matters shall only be undertaken by the Company in accordance with Clause 10.

MATTERS REQUIRING UNANIMOUS DIRECTORS' APPROVAL

1. any sale, lease, transfer or other disposition of the assets or undertaking of the Company or of any substantial part thereof whether by one or more transactions whose individual or aggregate value exceeds L100,000;
2. any consolidation or amalgamation with or the acquisition of any interest in any other company, association, partnership or legal entity;
3. any making of loans or any entering into guarantees or indemnities in excess of L25,000;
4. any change in the nature of the business of the Company or any significant increase in the level of business activity requiring capital expenditure in excess of L100,000 to be made;
5. any acquisition or disposal of land or any interest in land of a value in excess of L25,000;
6. any closure of any business operation;
7. the entering into any transaction, arrangement or agreement with or for the benefit of any director or Shareholder or any Connected Person;
8. the acquisition or disposal of any subsidiary company;
9. the entering into a contract or other arrangement or commitment involving expenditure on or the realization of assets of a capital nature in excess of L50,000;
10. the declaration, paying or making of any dividends, bonuses or other distributions out of profits or in respect of its share capital or loan capital or the purchasing or redeeming any part of the Company's share capital;
11. the raising of any loan or credit facilities (including overdraft, leasing and hire purchase facility) in excess of L100,000;
12. the borrowing or raising of any sum or sums in excess of the facility amount available under the Loan Agreement provided that the "A" Directors shall not unreasonably withhold their consent to borrowing by the Company if it is for the purpose of repaying (by way of a complete refinancing) all amounts due under the Loan

Agreement and such new borrowing is on terms at least as favorable as those of the Loan Agreement;

13. the annual review of the Business Plan and approval of the financial year operating and capital expenditure budgets contained therein; provided that if the directors do not reach agreement on any such budget for a specified financial year, the budget that was in effect for the immediately preceding financial year shall remain in effect until the directors approve a new budget;
14. any increase in share capital;
15. authorizing the issue of additional shares;
16. the amendment or modification (including any renewal of the term) of any of this Agreement, the Healthline Agreement, the Assets Sale Agreement and the Assets Leaseback Agreement, the Acquisition Agreement, the Loan Agreement or the New Articles;
17. the entering into of any service agreement with any employee or director which is not terminable without payment of compensation on not more than 3 months notice or whose annual salary is in excess of L50,000;
18. the creation or allowing to subsist of any mortgage, charge, pledge, lien or other encumbrance over any of the Company's assets;
19. the payment of any remuneration or expenses to any person in other than as proper remuneration for work done or services provided or as proper reimbursement for expenses incurred in connection with the Company's business;
20. the redemption of the Preference Shares and/or payment of any dividend on the Preference Shares except as otherwise provided for or specified in the New Articles or this Deed;
21. any prepayment of monies due under the Loan Agreement in advance of their repayment date save as provided in paragraph 12 of this Schedule.

## DEED OF ADHERENCE

WITNESSES as follows:

26.3 This Deed shall be governed by and construed in accordance with the laws of England

THE FIRST SCHEDULE

THE COMMON SEAL of )  
 )  
LIMITED was hereunto affixed )  
in the presence of: Director  
Secretary

SCHEDULE 6

VALUATION

- (1) The purchase price of the Shares which are the subject of a call option pursuant to clause 15.2 ("the Option") will be determined in accordance with the following provisions of this Schedule.
- (2) Following the exercise of an Option the Other Shareholder and the Defaulting Shareholder shall attempt to agree the amount of the purchase price for the Shares within 30 days of the service of the Default Notice failing which the Other Shareholder or the Defaulting Shareholder may refer the matter to [an independent chartered accountant] to be agreed by them within seven days or failing agreement, a chartered accountant selected on the application of either Shareholder by the President from time to time of the Institute of Chartered Accountants in England and Wales for final determination (the "Valuers").
- (3) The Shareholders shall use their respective best endeavors to procure that the Valuers shall as soon as possible after a reference has been made to them under Clause (2) determine the purchase price of the Shares and notify the Shareholders in writing of their determination.
- (4) The Valuers will act as experts, not as arbitrators, but may in their absolute discretion afford the Other Shareholder and the Defaulting Shareholder the opportunity to make such written and oral representations to the Valuers as they wish, subject to such reasonable time and other limits as the Valuers may prescribe, and the Valuers shall have regard to any such representations but not be bound by them.
- (5) The Valuers may call upon the Auditors and any other professional advisers who act or have acted for the Company for such documents and information as they may reasonably require from them for the purposes of their determination and the Shareholders will give or (so far as they are able) procure that there is given appropriate authority to such professional advisers to make such disclosures and will (so far as they are able) give to the Valuers all such other facilities and information as they may reasonably require for the purposes of their determination.
- (6) The Valuers will determine what in their opinion was the fair price per Share at the date of service of the Default Notice on the following assumptions:
  - (a) valuing the Shares as on an arm's length sale between a willing vendor and a willing purchaser;
  - (b) the Company was then carrying on business as a going concern, on the assumption that it will continue to do so; and
  - (c) valuing each class of the Shares as a rateable proportion of the total value of the class in question which value shall not be discounted or enhanced by reference to their number or amount thereof.



- (7) The Valuers will give notice of the fair price to the Other Shareholder and the Defaulting Shareholder by sending to them a copy of their written determination.
- (8) The Valuers determination will be final and binding upon the Other Shareholder and the Defaulting Shareholder in the absence of clerical or manifest error appearing within 14 days of notice of such determination being served.
- (9) The Valuers', the Company's Auditors' and any other professional advisers' charges including disbursements and value added tax in connection with the determination will be paid by the Defaulting Shareholder.

EXECUTED AND DELIVERED )  
AS A DEED by its )  
duly authorized attorney )  
for and on behalf of )  
ACCESS 24 LIMITED )  
in the presence of:- ) /s/ (signature illegible)

EXECUTED AND DELIVERED )  
AS A DEED by )  
for and on behalf of )  
TELETECH HOLDINGS, INC. )

Director /s/ Kenneth Tuchman

Secretary /s/ Jo-Nell Labbienti

EXECUTED AND DELIVERED )  
AS A DEED by )  
for and on behalf of )  
PRIPLAN INVESTMENTS LIMITED )

Director /s/ (signature illegible)

Secretary /s/ (signature illegible)

TELETECH HOLDINGS, INC.  
DIRECTORS STOCK OPTION PLAN

1. PREAMBLE.

TeleTech Holdings, Inc., a Delaware corporation (the "Company"), hereby establishes the TeleTech Holdings, Inc. Directors' Stock Plan (the "Plan") as a means whereby the Company may, through automatic grants of non-qualified stock options provide Directors of the Company with an additional incentive to promote the success of the Company's business.

The provisions of this Plan do not apply to or affect any option, stock appreciation right, or stock heretofore or hereafter granted under any other stock plan of the Company or any subsidiary, and all such options, stock appreciation right or stock continue to be governed by and subject to the applicable provisions of the plan or agreement under which they were granted.

2. DEFINITIONS.

2.01 "BOARD" or "BOARD OF DIRECTORS" means the board of directors of the Company.

2.02 "CAUSE" means, as determined in the sole discretion of the Board, a Participant's (a) commission of a felony; (b) dishonesty or misrepresentation involving the Company or any Subsidiary; (c) serious misconduct in the performance or non-performance of Participant's responsibilities as a Director; (d) unauthorized use of trade secrets or confidential information; or (e) aiding a competitor of the Company or any Subsidiary.

2.03 "CODE" means the Internal Revenue Code of 1986, as it exists now and as it may be amended from time to time.

2.04 "COMMITTEE" means the committee comprised of two or more outside Directors appointed by the Board to administer the Plan. Each member of the Committee shall be a member of the Board of Directors who has not at any time within one year prior thereto, or at any time during such member's term of service on the Committee, received any stock options, stock appreciation rights or allocations of any equity securities under the Plan or any other plan maintained by the Company or any of its affiliates, except as permitted pursuant to the provisions of Rule 16b-3(c)(2)(i) of the Exchange Act or any successor rule thereof. Once appointed, the Committee shall continue to serve until otherwise directed by the Board of Directors.

2.05 "COMMON STOCK" means the common stock of the Company, \$0.01 par value.

2.06 "COMPANY" means TeleTech Holdings, Inc., a Delaware corporation, and any successor thereto.

2.07 "DIRECTOR" means a member of the Board.

2.08 "EXCHANGE ACT" means the Securities Exchange Act of 1934, as it exists now or from time to time may hereafter be amended.

2.09 "FAIR MARKET VALUE" means for the relevant day:

(a) If shares of Common Stock are listed or admitted to unlisted trading privileges on any national or regional securities exchange, the last reported sale price, regular way, on the composite tape of that exchange on the day Fair Market Value is to be determined;

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System ("NASDAQ System"), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

(c) If trading of the Common Stock is not reported by the NASDAQ System or on a stock exchange, Fair Market Value will be determined by the Committee in its discretion based upon the best available data.

2.10 "OPTION" means the right of a Participant to purchase a specified number of shares of Common Stock, subject to the terms and conditions of the Plan.

2.11 "OPTION DATE" means the date upon which an Option is awarded to a Participant under the Plan.

2.12 "OPTION PRICE" means the price per share at which an Option may be exercised.

2.13 "PARTICIPANT" means an individual to whom an Option has been granted under the Plan.

2.14 "PLAN" means the TeleTech Holdings, Inc. Directors' Stock Option Plan, as set forth herein and as from time to time amended.

2.15 "SECURITIES ACT" means the Securities Act of 1933, as it exists now or from time to time may hereinafter be amended.

2.16 "SUBSIDIARY" means any corporation or other entity of which the majority voting power or equity interest is owned directly or indirectly by the Company.

## 2.17 RULES OF CONSTRUCTION.

(a) GOVERNING LAW. The construction and operation of this Plan are governed by the laws of the State of Delaware.

(b) UNDEFINED TERMS. Unless the context requires another meaning, any term not specifically defined in this Plan has the meaning given to it by the Code.

(c) HEADINGS. All headings in this Plan are for reference only and are not to be utilized in construing the Plan.

(d) GENDER. Unless clearly appropriate, all nouns of whatever gender refer indifferently to persons of any gender.

(e) SINGULAR AND PLURAL. Unless clearly inappropriate, singular terms refer also to the plural and VICE VERSA.

(f) SEVERABILITY. If any provision of this Plan is determined to be illegal or invalid for any reason, the remaining provisions shall continue in full force and effect and shall be construed and enforced as if the illegal or invalid provision did not exist, unless the continuance of the Plan in such circumstances is not consistent with its purposes.

## 3. STOCK SUBJECT TO THE PLAN.

Except as otherwise provided in Section 9, the aggregate number of shares of Common Stock that may be issued under Options under this Plan may not exceed 150,000 shares of Common Stock. Reserved shares may be either authorized but unissued shares or treasury shares, in the Board's discretion. If any awards hereunder shall terminate or expire, as to any number of shares, new Options may thereafter be awarded with respect to such shares.

## 4. ADMINISTRATION.

The Plan shall be administered by the Committee. In addition to any other powers set forth in this Plan, the Committee has the exclusive authority:

(a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;

(b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;

(c) subject to the express provisions of the Plan, to determine payment terms and payment method applicable to each Option;

(d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any Options;

(e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards of Options granted thereunder as it may deem necessary or advisable;

(f) to determine the form in which tax withholding under Section 12 of this Plan will be made; and

(g) to take any action necessary, including amendment of the Plan or any Option, as required in order for a transaction to qualify for pooling of interest accounting treatment.

5. DIRECTOR STOCK OPTIONS.

(a) Each Director who is not otherwise an employee of the Company and, after the Company registers shares of Common Stock under either the Securities Act or Exchange Act, is not a beneficial owner of 5% or more of the outstanding Common Stock (as determined in accordance with Rule 13d-3 of the Exchange Act) shall be granted automatically Options to purchase (i) on the effective date of the Plan 5,000 shares of Common Stock for service as a Director for 1995, (ii) 5,000 shares of Common Stock for service as a Director during 1996, if such Director is elected as such at the Annual Meeting of Stockholders held between January 1, 1996 and May 11, 1996 or is still serving as a Director on May 11, 1996, (iii) on the effective date of the Plan 1,250 shares of Common Stock for each Board committee upon which a Director served during 1995, (iv) 1,250 shares of Common Stock for each Board Committee upon which a Director served on May 11, 1996, (v) 2,500 shares of Common Stock upon the Director's initial election to the Board; provided such Director is elected after the effective date of the Plan, and (vi) 2,500 shares of Common Stock for service as a Director and 1,250 shares of Common Stock for each Board Committee upon which a Director serves for each year thereafter on the date of each annual meeting of the Stockholders of the Company; provided, however, that a Director who is not re-elected as a Director at the annual meeting of Stockholders shall not receive a grant of Options on that date.

(b) Options granted pursuant to Sections 5(a)(i), (ii), (iii) and (iv) shall have an exercise price of \$25 per share. Options granted pursuant to Sections 5(a)(v) and (vi) shall have an exercise price per share equal to 100% of the Fair Market Value of the Common Stock on the Option Date.

(c) An Option shall be granted hereunder only if, as of each Option Date, the Director (i) is not otherwise an employee of the Company or any Subsidiary, (ii) has

not been an employee of the Company or any Subsidiary for any part of the preceding fiscal year, and (iii) has served on the Board continuously since the commencement of his or her term.

(d) In the event that the number of shares of Common Stock available for future grant under the Plan is insufficient to make all automatic grants required to be made on such date, then all Directors entitled to a grant on such date shall share ratably in the number of Options on shares available for grant under the Plan.

6. OPTION PERIOD.

An Option may not be exercised until six months after the Option Date. Each Option will expire as of the earliest of:

(a) the date the Participant's membership on the Board is terminated for Cause;

(b) the date one year after the Participant's death; or

(c) ten years from the Option Date.

7. MANNER OF EXERCISE OF OPTIONS.

To exercise an Option in whole or in part, a Participant (or, after his death, his executor or administrator) must give written notice to the Committee, stating the number of shares to which he intends to exercise the Option. The Company will issue the shares with respect to which the Option is exercised upon payment in full of the Option Price. The Option Price may be paid (i) in cash, (ii) in shares of Common Stock having an aggregate Fair Market Value, as determined on the date of delivery, equal to the Option Price, or (iii) by delivery of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds necessary to pay for all Common Stock acquired through such exercise and any tax withholding obligations resulting from such exercise.

8. VESTING.

Each Option granted pursuant to Section 5(a)(ii) and (iv) shall be 100% vested on May 11, 1996; provided the Participant is a Director on such date. If the Participant is not a Director on May 11, 1996, then he shall forfeit any Options granted pursuant to Section 5(a)(ii) and (iv). Each Option granted pursuant to Section 5(a)(i) and (iii) shall be 100% vested as of the Option Date.

9. ADJUSTMENTS TO REFLECT CHANGES IN CAPITAL STRUCTURE.

If there is any change in the corporate structure or shares of the Company, the Board of Directors may, in its discretion, make any adjustments necessary to prevent accretion, or to

protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options, in the number and kind of shares covered thereby and in the applicable Option Price; provided, however, no adjustment will be made for the issuance of preferred stock or the conversion of convertible preferred stock. For the purpose of this Section 9, a change in the corporate structure or shares of the Company includes, without limitation, any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

10. NON-TRANSFERABILITY OF OPTIONS.

The Options granted under the Plan are not transferable, voluntarily or involuntarily, other than by will or the laws of descent and distribution. During a Participant's lifetime, his Options may be exercised only by him.

11. RIGHTS AS STOCKHOLDER.

A Participant has no rights whatsoever as a stockholder with respect to any shares covered by an Option until the date of the issuance of a stock certificate for the shares. No Common Stock may be delivered upon the exercise of any Option until full payment has been made and all income tax withholding requirements thereon, if any, have been satisfied.

12. WITHHOLDING TAX.

The Company shall have the right to withhold in cash or shares of Common Stock with respect to any payments made to Participants under the Plan any taxes required by law to be withheld because of such payments. With respect to a Participant subject to Section 16(a) or 16(b), withholding made in Common Stock upon the exercise of an Option, which the Participant had the discretion regarding the timing of exercise, must be made or take effect during the period beginning on the third business day following the release of quarterly or annual statements of sales and earnings by the Company and ending on the twelfth business day after such release of statements.

13. AMENDMENT OF THE PLAN.

The Committee may from time to time amend or revise the terms of this Plan in whole or in part and may without limitation, adopt any amendment deemed necessary; provided, however, that (a) unless, necessary to comply with any pooling of interest requirements, no change in any award previously granted to a Participant may be made that would impair the rights of the Participant without the Participant's consent, (b) the provisions of paragraph (a) of Section 5 may not be amended more often than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder and (c) the Committee may not (i) change the aggregate number of shares that may be issued upon exercise of Options granted under the Plan (except in accordance with



the provisions of Section 9), (ii) change the class of eligible individuals who may receive Options under the Plan, (iii) adopt any amendment affecting the Option Price at which Options may be granted, or (iv) materially increase benefits accruing to participants under the Plan without approval of the Company's stockholders. Approval of the Company's stockholders to any amendment under part (c)(i) shall require a favorable vote by the majority of the shares of the Company's Common Stock and preferred stock voting separately as a class, and to all other amendments requiring stockholder approval shall require a vote of the majority of the shares of the Company's Common Stock and preferred stock voting together as one class, present in person or by proxy at a duly held stockholders meeting or by written consent. If any amendment requiring stockholder approval for the Committee to act under part (c) of the previous sentence is made subsequent to the first registration of any class of equity securities by the Company under Section 12 of the Exchange Act, such stockholder approval shall be solicited as described in Section 14. All amendments shall be in writing and consented to by a majority of the members of the Committee.

14. STOCKHOLDER APPROVAL.

The Plan shall be subject to approval by the stockholders of the Company. Such approval shall be obtained in accordance with Rule 16b-3(b) of the Exchange Act.

15. CONDITIONS UPON ISSUANCE OF SHARES.

An Option shall not be exercisable and a share of Common Stock shall not be issued pursuant to the exercise of an Option, until such time as the Plan has been approved by the stockholders of the Company. The exercise of any Option and the issuance and delivery of such share pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Stock is being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

16. EFFECTIVE DATE. This Plan shall not become effective and no Option shall be granted pursuant hereto until the later of (a) the date of its adoption by the Committee, or (b) the date it is approved by the stockholders of the Company, pursuant to Section 14.

17. TERMINATION OF THE PLAN. The Committee may terminate the Plan at any time with respect to any shares that are not then subject to Options. Termination of the Plan will not affect the rights and obligations of any Participant with respect to Options, awarded before termination.

## 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

\* 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

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

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).

## 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").

### B. Extension of Term

The Term may be extended by mutual written agreement \*

\*

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.

\*

## SECTION 3 - RATES AND INVOICES

### A. Base Rate

UPS agrees to pay TI for the Services as follows:

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



1. TI will invoice UPS \* for Services to be rendered during the week following the invoice date and UPS shall pay TI \*
2. Effective for \* , the Base Rate shall be \*
3. \*

B. \*

#### 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 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.

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

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.
- 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.

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

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

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#### 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

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

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 such methodology, the dispute shall be subject to the Arbitration provisions of this Agreement.
- D. \*
- E. \*

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

#### 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 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

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



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 \* , 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

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

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 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 \* , or with the written consent of the other party, neither UP 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

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

termination of the employment relationship of such employee from such party, except as set out in Section 34, below.

B. \*

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 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.

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

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 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

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

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 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.

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

- 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.

#### 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 \*, 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. \*

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



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 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 \*  
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

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

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. \*
- 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

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

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 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

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

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

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#### 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  
\*           for all CSR hours worked during the six (6) holidays set forth herein.

#### SECTION 43 -           \*

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#### 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 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 \*\*

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

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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 \*
- 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

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

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.

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



## MASTER LEASE AGREEMENT

LESSEE:

Tele Tech Telecommunications, Inc., a California corporation

-----  
 Name  
 2130 N. Hollywood Way  
 -----

Address  
 Burbank, CA 91504  
 -----

City County State Zip Code

Teletech Teleservices, Inc., a Colorado corporation  
 Teletech Holdings, Inc., Delaware corporation  
 -----

Name  
 1700 Lincoln Street, 14th Floor  
 -----

Address  
 Denver Denver CO 80203  
 -----

City County State Zip Code  
 Telefax # 303-894-4203  
 -----

Tax Identification # Tele Tech Telecommunications, Inc. 95-3822608  
 -----  
 Teletech Teleservices, Inc. 84-1218090  
 -----  
 Teletech Holdings, Inc. 84-1291044  
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LESSEE'S BUSINESS FORM:	Proprietorship	General Partnership
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X	Corporations	Limited Partnership
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	Other	Limited Liability Company
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This Master Lease Agreement ("Master Agreement") dated as of July 11, 1995, establishes the general terms and conditions under which FIRST INTERSTATE BANK OF CALIFORNIA ("Lessor"), whose address is Equipment Leasing Department, Regional Corporate Center, 1000 E. Garvey Avenue South, Suite 360, West Covina, CA 91790, Telefax Number 818-916-1111, may, from time to time, lease equipment and other personal property to Lessee. The terms and conditions hereof shall be deemed to form a part of each Equipment Schedule, the form of which is attached hereto as Exhibit "A," executed by and between Lessor and Lessee that refers to this Master Agreement (each a "Schedule" or "Equipment Schedule"). Each Equipment Schedule shall constitute a separate lease agreement incorporating all of the terms and conditions hereof. However, in the event of a conflict between the express provisions of any Equipment Schedule and the terms and conditions of this Master Agreement, the provisions of the respective Equipment Schedule shall prevail. Each lease agreement evidenced by an executed Equipment Schedule, together with all schedules, riders, addenda and/or exhibits that are attached or refer to that Equipment Schedule, is individually referred to herein as a "Lease," and all of the Leases are collectively referred to herein as the "Leases."

1. LEASE. By execution and delivery by Lessee to Lessor of an Equipment Schedule in substantially the form attached hereto as Exhibit "A," and upon acceptance thereof by Lessor and satisfaction by Lessee of all conditions precedent set forth in this Master Agreement and such Equipment Schedule, Lessor shall lease to Lessee, and Lessee shall hire from Lessor, the personal property described on that Equipment Schedule, all on and subject to the terms and conditions set forth therein and herein. The personal property described in all of such Equipment Schedules, together with all replacement parts, additions, modifications, repairs and accessories incorporated therein and/or attached thereto, is severally and collectively referred to herein as the "Equipment." No Lease, and no renewals or extensions thereof, shall be cancelable or terminable by Lessee except as provided in Section 12, below. Lessee hereby authorizes and empowers Lessor to unilaterally amend the Leases from time to time by inserting information more fully identifying the Equipment or any part thereof and irrevocably constitutes and appoints Lessor its true and lawful attorney-in-fact for the purpose of executing and filing from time to time in Lessee's name such financing statements describing the Equipment or any part thereof as Lessor deems appropriate.

2. DELIVERY AND ACCEPTANCE OF EQUIPMENT. Upon completion of delivery of each item of Equipment (and, if such item of Equipment requires installation, installation of such item of Equipment), Lessee will have no more than 30 days to inspect and test the Equipment and, if the Equipment is in good order and conforms with any applicable purchase order, Lessee will promptly accept delivery of the Equipment on behalf of Lessor and shall execute and deliver to Lessor a duly completed Certificate of Acceptance in form and content acceptable to Lessor, which shall set forth, among other things, the date that Lessee accepted delivery of the Equipment on behalf of Lessor and Lessee's approval of the contract by which Lessor acquired the Equipment or the right to possession and use of the Equipment (the "Certificate of Acceptance").

3. CONDITIONS PRECEDENT. Nothing in this Master Agreement means or shall be construed to mean or imply that Lessor has any commitment to enter into any Lease; Lessor may refuse to do so for any reason or for no reason at Lessor's sole discretion. In no event shall Lessor have any obligation to purchase any personal property and lease the same to Lessee until and unless, prior to the "Acceptance Deadline" set forth in the applicable Equipment Schedule, Lessee, at Lessee's cost, shall have satisfied all of the conditions precedent set forth in the applicable Equipment Schedule and Lessee shall also have delivered or caused to be delivered to Lessor, each of the following, in form and substance acceptable to Lessor:

(a) If Lessee or any Guarantor is a corporation, partnership, trust or other business association, such resolutions or authorizations and other such documents relating to the existence and good standing of such corporation, partnership, trust or other business association and the authority of any person executing this Master Agreement, any Equipment Schedule and/or any other document, instrument or agreement executed, delivered or undertaken on behalf of such corporation, partnership, trust or other business association in connection with this Master Agreement and/or the Leases, or any of them, as Lessor shall require;

(b) A duly completed and executed Equipment Schedule evidencing each Lease;

(c) An Assignment of Purchase Order Agreement, copy of all sale or purchase contracts regarding the Equipment entered into between Lessee and the manufacturer or vendor of the Equipment, a copy of all purchase orders regarding the Equipment issued by the Lessee, the original invoices regarding the Equipment issued by such manufacturer or vendor to Lessor, and the original bill of sale, if any, issued by such manufacturer or vendor evidencing the transfer of title to such Equipment to Lessor;

(d) A duly completed and executed Certificate of Acceptance regarding the Equipment which evidences, among other things, that Lessee has approved the contract to acquire the Equipment and accepted delivery thereof on behalf of Lessor on or prior to the "Acceptance Deadline" set forth in the Equipment Schedule applicable thereto or such later date as is otherwise agreed to in writing by Lessor;

(e) Evidence of due compliance with the insurance provisions of Section 11 hereof;

(f) Duly executed and completed UCC-1 Financing Statement(s) that describe the Equipment;

(g) Such other documents and instruments as Lessor shall in its reasonable discretion require, which may include, but shall not be limited to, a Continuing Payment Guaranty or an opinion of legal counsel to Lessee acceptable to Lessor as to such matters as Lessor shall require.

If Lessee shall fail or refuse to satisfy all of the conditions precedent set forth herein and in the applicable Equipment Schedule on or prior to the "Acceptance Deadline" set forth in such applicable Equipment Schedule or such later date as is otherwise agreed to in writing by Lessor, then (a) Lessor may, at its option, terminate the Lease evidenced by such Equipment Schedule; and (b) if the respective Lease is terminated by Lessor, then, without further act (i) Lessee will thereupon be assigned all rights and shall assume all obligations as purchaser of such Equipment and shall indemnify and hold Lessor harmless from and against any and all claims of the manufacturer, vendor, transporter or any other person in connection with the purchase, delivery and failure or refusal to accept such Equipment; (ii) Lessee shall have all rights as the purchaser of such Equipment and be

entitled to pursue any and all remedies that may be available against the manufacturer, vendor, transporter or any other person for any failure or breach in connection with the manufacture, shipment and delivery of the Equipment and Lessor shall provide Lessee with any and all documentation, evidence and any other reasonably requested information regarding the equipment; and (iii) if Lessee shall fail or refuse to accept delivery of the Equipment even though such Equipment is in good order and in conformance with any applicable purchase order, Lessee shall be liable to Lessor for, and shall indemnify Lessor against, all direct and consequential damages and/or costs incurred by Lessor in connection with such failure or refusal.

4. TERM AND RENT. The term of each Lease, and the respective rental amounts and payment dates, are set forth in the respective Equipment Schedules. A late charge equal to the lesser of five percent (5%) of the installment or the maximum amount allowable by law shall be due and payable immediately without notice for each installment of rent not paid when due and payable.

5. OWNERSHIP; PRECAUTIONARY GRANT OF SECURITY INTEREST. It is the intention of the parties hereto that the Equipment is and shall remain the sole and exclusive property of Lessor, and Lessee shall have no right, title or interest therein except the interest of Lessee arising under the Leases. With respect to replacement parts, additions, modifications, repairs and accessories hereafter incorporated in and/or attached to the Equipment, title thereto shall pass to Lessor without compensation upon such incorporation or attachment to the Equipment. The Equipment is and shall at all times be and remain personal property, notwithstanding, if applicable, that the Equipment or any part thereof may now be or hereafter become in any manner affixed or attached to or imbedded in, or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws, or otherwise. Should, however, any Lease constitute a lease intended as security within the meaning of the Colorado Uniform Commercial Code, the Lessee does hereby grant to Lessor a security interest in all of its right, title and interest in, to and arising under such Lease, the Equipment described therein and the proceeds of both to secure the payment and performance by Lessee of all of its liabilities and obligations arising under all of the Leases, and Lessor shall have all of the rights and remedies of a secured party under applicable law in addition to all of its rights and remedies under the terms and conditions hereof and of the Leases. Lessee agrees to execute and file Uniform Commercial Code Financing Statements and any and all other instruments necessary to perfect Lessor's interest in this Master Agreement, the Lease, and the payments due thereunder.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE. Lessee represents, warrants and covenants to Lessor as follows:

(a) If Lessee is a corporation, partnership, trust or other business association, Lessee is, and throughout the terms of the Leases shall remain, duly organized, validly existing and in good standing under the laws of the state of its organization and qualified to do business and in good standing in the States of California, Colorado and Delaware and in each other state in which the failure to be so qualified and in good standing would have a material adverse effect on the financial condition, operations or business of the Lessee;

(b) Lessee is fully authorized and permitted to enter into this Master Agreement and all of the Leases entered into from time to time and to execute any and all documentation required herein and therein, to lease the Equipment upon the terms set forth herein and in the Leases and to perform the terms of this Master Agreement, the Leases and all other documents executed in connection therewith, none of which conflicts with any provision of law, regulation, ordinances, or orders of public authorities applicable to Lessee; this Master Agreement and the Leases, and all other documents executed or delivered in connection therewith (including, without limitation, any guarantee of the Leases), are, and throughout the terms of the Leases shall remain, valid and binding legal obligations of Lessee or any guarantor of the Leases or any Lease, as applicable, and each is and shall remain enforceable in accordance with its terms;

(c) The execution, delivery and performance by Lessee of this Master Agreement and all of the Leases entered into from time to time, and all other documents relating to this Master Agreement and the Leases (or any of them), will not result in any breach of the terms or conditions of, or constitute a default under Lessee's bylaws or articles of incorporation or any agreement or instrument under which Lessee or any such

guarantor is a party or is obligated; Lessee is not in default in the performance or observance of any obligations, covenants or conditions of any such agreement or instrument;

(d) No actions, suits or proceedings are pending or threatened against Lessee or any such guarantor that might materially and adversely affect the payment by Lessee or any such guarantor of the rental payments under the Leases, the performance by Lessee or any such guarantor of its other obligations arising under this Master Agreement, the Leases or any documents executed in connection therewith or the financial condition, business or operations of Lessee or any such guarantor;

(e) All financial statements, profit and loss statements, statements as to ownership, federal, state and local tax returns and other statements or reports previously or at any time hereafter given to Lessor by or on behalf of Lessee or any such guarantor are and shall be true, complete and correct as of the date thereof and do and shall fairly present Lessee's financial condition as of the date thereof; there has been no material adverse change in the financial condition or the results of the operations of Lessee or any such guarantor since the date of the latest financial statements of Lessee or any such guarantor given to Lessor;

(f) The Equipment will be used solely for commercial or business purposes and NOT for personal, family or household purposes;

(g) Lessee has no contingent or disputed liabilities or unrealized or anticipated losses which in the aggregate are material or any material commitments of an unusual or burdensome character;

(h) Lessee shall not permit any pension plan maintained by it to (i) engage in any "prohibited transaction" as such term is defined in Section 4975 of the Internal Revenue Code of 1986, as amended, (ii) incur any "accumulated funding deficiency" as such term is defined in Section 302 of ERISA, or (iii) terminate any such plan in a manner which could result in the imposition of a lien on the property of Lessee pursuant to Section 4068 or ERISA;

(i) In addition to notices required herein, Lessee shall immediately give notice in writing to Lessor of (i) the occurrence of an Event of Default, or any condition, event or act which with the giving of notice, failure to cure or the passage of time or all the foregoing would constitute such an Event of Default; and (ii) any change in the name or business of Lessee, any change in its form, management or organizational structure and any change in Lessee's address of principal location(s) of business or location of the Equipment;

(j) None of the financial statements or any certificate, document or statement furnished to Lessor (or to be furnished to Lessor) by or on behalf of Lessee in connection with any Lease, and none of the representations and warranties in this Master Agreement, contains (or will contain) any untrue statement of a material fact necessary in order to make the statements contained therein or herein not misleading. There is no fact which materially adversely affects or in the future (so far as Lessee can now foresee) may materially adversely affect the ability of Lessee to perform its obligations which has not been set forth herein or in a certificate or opinion of counsel or other written statement furnished to Lessor by or on behalf of Lessee. There has been no material adverse change in the creditworthiness or condition of Lessee, financial or otherwise, or affairs of Lessee since the date of the most recent financial statements given to Lessor with respect to Lessee;

(k) Lessee is not subject to, or if subject to, is in compliance with all federal, state and local laws, ordinance or regulation relating to industrial hygiene or environmental conditions including but not limited to the Resource Conservation and Recovery Act or the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended;

(l) Lessee shall defend Lessor's title against, and keep the Equipment free of, all levies, liens, claims and encumbrances of every kind and description, and however and whenever arising, except those (if any) which Lessor has created or to which Lessor has consented in writing. At Lessor's option, Lessee shall provide and affix to the Equipment, at Lessee's expense, labels or other physical attachments satisfactory to Lessor clearly disclosing Lessor's ownership interest in the Equipment. Lessee shall not allow the Equipment or any part thereof to become a fixture with respect to real property;

(m) Lessee agrees that unless Lessor agrees otherwise in writing, Lessee shall comply with all terms and covenants (financial or otherwise) of that certain Loan Agreement dated April 12, 1995, between Lessee and Lessor, as subsequently amended, whether or not any amounts remain outstanding under such Loan Agreement or such Loan Agreement has been terminated.

Lessee shall be deemed to have made all of the foregoing representations and warranties as of the date each respective Equipment Schedule is executed and delivered by Lessee and also as of the "Commencement Date" of each Lease evidenced thereby (as defined therein).

7. NO WARRANTIES BY LESSOR; MAINTENANCE; COMPLIANCE WITH LAWS. LESSEE ACKNOWLEDGES THAT IT HAS SELECTED THE EQUIPMENT WITHOUT ANY ASSISTANCE FROM LESSOR, ITS AGENTS OR EMPLOYEES. LESSEE ACKNOWLEDGES THAT LESSOR, NOT BEING THE MANUFACTURER OR VENDOR OF THE EQUIPMENT, NOR MANUFACTURER'S OR VENDOR'S AGENT, AND HAVING NO FAMILIARITY WITH THE EQUIPMENT WHATSOEVER, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR PURPOSE, USE, VALUE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF OR THAT THE EQUIPMENT IS FREE OF ANY RIGHTFUL CLAIM OF ANY THIRD PERSON BY WAY OF INFRINGEMENT OR INTERFERENCE OR THE LIKE. IT IS AGREED THAT LESSOR LEASES AND LESSEE HIRES THE EQUIPMENT "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, INCIDENT THERETO ARE TO BE BORNE BY THE LESSEE AS ITS SOLE RISK AND EXPENSE. LESSEE AGREES NOT TO ASSERT ANY CLAIM WHATSOEVER AGAINST THE LESSOR BASED THEREON, INCLUDING, WITHOUT LIMITATION, CLAIMS BASED ON ANY BREACH OF VENDOR'S OR MANUFACTURER'S WARRANTIES OR ANY MALFUNCTIONING OF OR DEFECT OR DEFICIENCY IN THE EQUIPMENT OR PATENT INFRINGEMENT OR SIMILAR CLAIMS OR LESSEE'S DISSATISFACTION WITH THE EQUIPMENT. LESSEE FURTHER AGREES NOT TO ASSERT ANY CLAIM WHATSOEVER AGAINST THE LESSOR FOR LOSS OF ANTICIPATORY PROFITS OR OTHER CONSEQUENTIAL OR INCIDENTAL DAMAGES. LESSOR SHALL NOT AT ANY TIME BE REQUIRED TO INSPECT THE EQUIPMENT OR ANY PART THEREOF NOR SHALL ANY INSPECTION BY LESSOR BE DEEMED TO AFFECT OR MODIFY THE PROVISIONS OF THIS SECTION 7.

No oral agreement, guaranty, promise, condition, representation or warranty to the contrary shall be binding; all prior conversations, agreements or representations related hereto, to the Leases and/or to the Equipment are integrated herein. Lessor makes no warranty whatsoever regarding the characterization of the Leases, or any of them, for tax, accounting or other purposes.

Lessor shall have no obligation to install, erect, test, adjust or service the Equipment. Lessee agrees, unless otherwise expressly agreed to by Lessor in writing, at Lessee's own cost and expense: (i) to pay all shipping charges and other expenses incurred in connection with the shipment of the Equipment by the seller thereof to Lessee; (ii) to pay all charges and expenses in connection with the installation, deinstallation, use, operation and maintenance of each item of Equipment; (iii) to comply with the Equipment manufacturer's operating procedures, with all insurance and warranty requirements, and with all governmental laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of each item of Equipment; (iv) to make all repairs and replacements required to be made to maintain the Equipment in good condition and repair, reasonable wear and tear excepted; and (v) to make no alterations in or to, and to affix no attachments, accessories or additions to, the Equipment without Lessor's prior written consent. The Equipment shall not be used by unqualified operators nor for purposes other than those for which it has been designed, nor shall it be serviced or repaired by persons not authorized to do so by the manufacturer thereof, if such authorized persons are reasonably available. Lessor hereby assigns to Lessee, without recourse for the term of each Lease, all manufacturer's warranties and guaranties, express or implied, pertinent to the Equipment, subject to Lessee's obligations to reassign to Lessor all such warranties and guaranties upon Lessor's repossession of the Equipment.

8. NET LEASE. It is understood and agreed that each Lease is a net lease, and that, as between Lessor and Lessee, Lessee shall be responsible for all costs and expenses of every nature whatsoever arising out of or in connection with or related to each Lease and/or the Equipment. Lessee's obligation to pay all rental and other payments hereunder and under the Leases shall be absolute and unconditional and shall not be affected by any circumstances whatsoever, including, without limitation (i) any setoff, counterclaim, recoupment, defense or

other right which Lessee may have against Lessor or any other person for any reason whatsoever, (ii) any defect in the title, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, the Equipment, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever, or (iii) any other circumstance, happening or event whatsoever, whether or not similar to the foregoing. If for any reason whatsoever this Master Agreement or any of the Leases shall be terminated in whole or in part by operation of law or for any other reason whatsoever, except as specifically provided herein or therein, or except as otherwise expressly agreed to by Lessor in writing, Lessee nonetheless agrees, to the extent now or then permitted by applicable laws, to pay to Lessor an amount equal to each rental payment under such Leases and all other sums due thereunder and hereunder at the time such payment would have become due and payable in accordance with the terms hereof and thereof had this Master Agreement and such Leases not been terminated in whole or in part. Lessee hereby waives, and hereby agrees to waive at any further time at the request of Lessor, to the extent now or then permitted by applicable laws, any and all rights which it may now or hereafter have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Master Agreement or any Lease except in accordance of the express terms of Section 12 hereof.

9. INDEMNITY. Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, at law or in equity of whatsoever kind and nature, other than those relating to Lessor's negligent or wrongful acts or omissions in contract or tort, including attorneys' fees, arising out of, relating to, connected with, or resulting from this Master Lease or the Equipment, including without limitation the manufacture, selection, purchase, delivery, acceptance (or lack thereof), possession, condition, use, operation or return thereof. Specifically, without limiting the foregoing, Lessee shall indemnify and hold Lessor harmless against all claims of trademark, patent and copyright infringement, and of the wrongful use of trade secrets or proprietary information in any form, against all claims for property damage, personal injury or wrongful death, and against all claims that the Equipment or any part thereof is or has become a fixture with respect to any real property. Lessee's obligations hereunder will survive the expiration of this Master Lease with respect to events occurring or alleged to have occurred prior to the return of the Equipment to Lessor at the end of the term of the applicable Lease.

10. FINANCIAL REPORTING REQUIREMENTS. Lessee shall maintain, and shall cause each guarantor of the Leases to maintain, a standard, modern system of accounting that reflects the application of generally accepted accounting principles consistently applied. Lessee shall furnish to Lessor, and shall cause each Guarantor of the Leases or any obligation thereunder to furnish to Lessor, within one hundred twenty (120) days of the close of each Lessee fiscal year, Lessee's and Guarantor's audited financial statements, balance sheet and profit and loss statements. Within sixty (60) days of the end of each Lessee fiscal quarter, Lessee shall furnish to Lessor Lessee's quarterly financial statements. Lessee shall furnish Lessor such additional financial information, including but not limited to statements as to ownership and federal, state and local tax returns from time to time specified by Lessor in such form and with such certifications as Lessor may require.

11. INSURANCE. Throughout the terms of the Leases, and any renewals or extensions thereof, and until the Lessor has received possession of the Equipment upon its return to Lessor, Lessee, at its expense, shall (i) keep the Equipment insured against loss, damage, fire and theft, with extended or combined additional coverage, in such amounts as Lessor from time to time reasonably may specify, (ii) maintain liability insurance in amounts satisfactory to Lessor concerning any property damage, personal injury or fatality that may result from the possession, use or operation of the Equipment, and (iii) keep the Equipment insured against such other risks in such amounts as Lessor from time to time reasonably may specify. Such casualty insurance shall name Lessor as loss payee and all such other insurance policies shall name Lessor as an additional insured. Lessee shall on reasonable request of Lessor deliver to Lessor the policies or other evidence of such insurance reasonably satisfactory to Lessor, with a standard (non-attribution) long form endorsement attached thereto or indicated therein, showing loss proceeds, if any, payable directly to Lessor, all in form satisfactory to Lessor, together with receipts for the paid premiums thereunder. The loss proceeds of such insurance shall be paid directly to Lessor and such proceeds, less any costs and expenses incurred or paid by Lessor in the collection thereof, shall be applied at the election of Lessor either toward repair or replacement of the Equipment damaged, destroyed, lost or stolen or to payment of any rental payment or other amount payable by Lessee hereunder or under the Leases (including but not limited to any "Casualty Payment," as defined below), whether or not then due.

Lessee shall cause all insurance policies required under the terms of this Section to (i) provide that no cancellation, change, lapse or expiration thereof shall be effective as to Lessor for 10 days after receipt by Lessor of written notice thereof; (ii) provide that the insurers shall hold harmless and waive any rights of subrogation against Lessor; (iii) be primary without right of contribution from any other insurance which is carried by Lessor; (iv) waive any rights of setoff, counterclaim or other deduction against Lessor; (v) provide that Lessor shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance; and (vi) provide that such policies will not be invalidated by any act or omission of Lessee or any other additional insured, and shall insure Lessor and its assigns, regardless of any breach or violation of any warranty, declaration, condition or covenant contained in such policies by Lessee or any other additional insured.

12. LOSS, DAMAGE OR DESTRUCTION OF EQUIPMENT. Lessee shall bear all risk of damage, destruction, loss of possession or theft of the Equipment or any part thereof, and no such event shall cause any abatement or release whatsoever in Lessee's liability to pay rent or to perform other covenants as provided herein and in the Leases. In the event that any Equipment is lost, stolen, condemned by any governmental authority, totally destroyed, damaged beyond repair or permanently rendered unfit for use (each an "Event of Loss"), then Lessee shall promptly notify Lessor of the occurrence of such Event of Loss and shall pay or cause to be paid to Lessor, not later than the earlier to occur of (a) the date that is 120 days subsequent to the date such Event of Loss occurred and (b) the date of receipt of insurance proceeds in respect of such Event of Loss, a "Casualty Payment" (defined below) in respect of the Equipment as to which there has occurred such Event of Loss. In addition, Lessee shall continue to pay all rental payments that become due and payable on such Equipment after the date that such Event of Loss has occurred and prior to the date that the Casualty Payment thereon is actually received by Lessor. If Lessee shall have timely paid all such rental payments on such Equipment, all rental payments thereon that became due and payable prior to the date such Event of Loss occurred, and the Casualty Payment that is due and payable with respect thereto, then the liability of the Lessee to pay rent for such Equipment shall be discharged. For purposes of this Master Agreement and each Lease, "Casualty Payment" means, with respect to any item of Equipment as to which an Event of Loss has occurred, a payment in an amount equal to the "Stipulated Loss Value" (defined below) of such Equipment determined as of the date such Casualty Payment is due and payable less the net amount of recovery, if any, actually received by Lessor on or prior to the date such Casualty Payment is due and payable from insurance or otherwise in respect of such Event of Loss.

13. STIPULATED LOSS VALUE; SCHEDULE OF STIPULATED LOSS PERCENTAGES. A "Schedule of Stipulated Loss Percentages" is attached to or referred to in each Equipment Schedule. For purposes of this Master Agreement and each Lease, the term "Stipulated Loss Value" means, with respect to any item of Equipment, that amount equal to: (i) the amount obtained by multiplying the "Stipulated Loss Percentage" (defined below) of such item of Equipment times the original cost thereof, as such original cost is set forth in the Equipment Schedule pursuant to which such item of Equipment is leased, or if not set forth therein, as reasonably determined by Lessor, less (ii) the aggregate amount of prepayments of rent otherwise due and payable at the end of the Lease term, if any are required under the applicable Equipment Schedule. For purposes of this Master Agreement and each Lease, the term "Stipulated Loss Percentage" means, with respect to any item of Equipment, the percentage set forth in the Schedule of Stipulated Loss Percentages attached to or referred to in the Equipment Schedule that corresponds to the "Basic Rent Payment Date" (defined in such Equipment Schedule) through which rental payments on such Equipment have actually been paid (exclusive of prepayments of rent otherwise due and payable at the end of the Lease term, if any such are required under the respective Equipment Schedule) as of the date that the Stipulated Loss Value of such item of Equipment is determined. Under no circumstances shall the specification of Stipulated Loss Values be construed, whether alone or in conjunction with any other provisions hereof or of any Lease, to grant Lessee any right to purchase the Equipment for the amount of any such Stipulated Loss Value.

14. TAXES. Lessee shall pay all license fees, registration fees, assessments, and sales, use, property, excise, and other taxes now or hereafter imposed by any federal, state or local government on or against the Equipment based on the ownership, lease, rental, sale, possession or use of the Equipment, whether the charge is assessed against Lessor or Lessee, as well as any related penalties or interest, unless such taxes, penalties or interest are due to Lessor's failure for whatever reason, to notify Lessee of assessments charged against Lessor, excluding, however, any tax or payment in lieu of tax imposed on or measured by Lessor's net income, and Lessee will make all reasonable efforts to do everything required of Lessor in connection with said

fees, assessments and taxes. All billings and other notices regarding such fees, assessments and taxes shall, at Lessor's option, be either in the name of the Lessor and addressed to the Lessor, or in the name of the Lessee and in care of the Lessor. From time to time, when Lessor requests, Lessee shall provide written proof of payment of all obligations mentioned in this section. Personal property and any other tax returns for the Equipment shall be filed by the Lessor, either in the name of the Lessee or the Lessor, as determined by Lessor. Lessee hereby agrees that Lessor shall have no duty or obligation whatsoever to contest any license fees, registration fees, assessments, or sales, use, excise, property or other taxes now or hereafter imposed by any federal, state or local government on or against the Equipment based on the ownership, lease, rental, sale, possession or use of the Equipment. Lessee shall have the right to contest in good faith by appropriate proceedings maintained in its own name or in the name of Lessor any such personal property taxes if Lessee promptly notifies Lessor in writing of the commencement of any such contest proceedings and thereafter promptly responds in writing in an accurate and complete manner to any inquiries that Lessor may have with respect thereto, PROVIDED, that Lessee shall continue to have the right to contest such personal property taxes only so long as such contest proceedings do not result in any enforcement, collection, foreclosure or forfeiture proceeding, or any levy or execution, which remains unstayed or unbonded for a period of 5 consecutive business days. Lessee shall not have the right to contest any other fees, assessments or taxes payable by Lessee hereunder without the prior written consent of Lessor. It is also expressly agreed that Lessee will obtain prior written permission from Lessor before it asserts on either its or Lessor's behalf any tax immunity based on Lessor's status as a national banking association. This Section is not intended to, and does not, transfer incidents of ownership from Lessor to Lessee.

15. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. If Lessee fails to make any payment or to do any act required hereunder or under any Lease, then Lessor shall have the right, but not the obligation, to make the payment or do the act, with notice to or demand on Lessee, and without releasing Lessee from any contract obligation, and to pay, purchase, contest or compromise any encumbrance, charge or lien which Lessor reasonably judges to affect the Equipment or Lessor's rights therein. In exercising such right, Lessor may incur any reasonable liability and expend any amount which in its discretion it deems reasonably necessary. All sums Lessor so incurs or spends shall be, immediately due and payable by Lessee to Lessor 30 days after written demand therefore, and shall bear interest from the date so incurred or spent, whichever is earlier, until paid in full to Lessor at the rate of 10.0% per annum.

16. TAX INDEMNITY. The provisions of this Section 16 shall be applicable only to Equipment for which Lessee is not granted any purchase option or for which Lessee is granted only a Fair Market Value purchase option (severally and collectively, the "Tax Indemnity Equipment"). The rental for Tax Indemnity Equipment is determined by Lessor on the basis that Lessor and/or any person to which Lessor assigns ownership to all or any portion of the Tax Indemnity Equipment (for purposes of this Section 16, the "Owner") shall be entitled to the federal and state income tax deductions, credits and other benefits with respect thereto as are generally provided to an owner of rental property (the "Tax Benefits"), including, without limitation, (i) accelerated cost recovery or depreciation deductions on the Tax Indemnity Equipment under the Internal Revenue Code of 1986, as amended from time to time (the "Code"), and under equivalent state income tax laws, based upon such depreciable lives, averaging conventions, methods of depreciation and other methods as the Owner elects for income tax purposes; (ii) the deduction under Section 163 of the Code in the full amount of any interest paid or accrued by the Owner in accordance with the Owner's method of accounting for tax purposes with respect to any indebtedness incurred by the Owner in financing its purchase of the Equipment and (iii) the timing and the amount of the income inclusion assumed by Owner for the rent payable under Leases of Tax Indemnity Equipment. (As used herein, the term "Owner" includes Lessor to the extent Lessor has not assigned ownership to the Tax Indemnity Equipment.) If as a result of any act or failure to act of Lessee or any other user of any Tax Indemnity Equipment (including but not limited to any Event of Default, as defined below), the tax status of Lessee or any such user, the location in which any Tax Indemnity Equipment is used, the occurrence of any Event of Loss with respect to any Tax Indemnity Equipment, or any modification or repair of any Tax Indemnity Equipment, (a) Owner shall lose, have recaptured or disallowed or, in the good faith opinion of Owner, not be entitled to the full use of the Tax Benefits or such Tax Benefits are delayed or deferred, or (b) Owner shall have its federal or state income taxes increased or accelerated on account of any recomputation, recapture or delay in the receipt of such Tax Benefits in any year or years pursuant to the provisions of the Code or equivalent state tax laws (including but not limited to any Event of Default, as defined below), or (c) if Owner shall be obligated to include in income during the term of any Lease of Tax Indemnity Equipment any amount other than rent or (if applicable) a Casualty Payment, a payment



of liquidated damages pursuant to Subsection 23(g)(ii) hereof or a purchase option payment or if Owner shall be required to include any such payments of rent, Casualty Payment, liquidated damages or purchase option payment in income earlier than the tax period in which such payments are actually received by Lessor (each of the events referred to in (a), (b) and (c) above being referred to as a "Tax Loss"), then Lessee shall pay to the Owner, upon demand, a lump sum amount which, after deduction therefrom for all federal, state and local income taxes payable by the Owner with respect to the receipt of such sum, shall be sufficient under the federal and state tax laws then in effect to restore the Owner to substantially the same after-tax economic position the Owner would have been in had such Tax Loss not been incurred, after taking into account: (i) the amount of the Tax Benefits so lost, recaptured, delayed, disallowed, recomputed or not so utilized for the current tax period and which are likely to be similarly affected in future periods, (ii) the increase or acceleration in the Owner's tax on account thereof (determined without regard to any losses or deductions attributable to other Owners transactions), (iii) penalties, interest or other charges imposed upon Owner, (iv) differences in tax years involved, and (v) the present value of the any Tax Benefits Owner more likely than not can expect to derive solely as a result of such Tax Loss. Owner's good faith determination of the amount of such indemnity payment shall be binding upon Owner and Lessee. Owner shall have no obligation to contest any Tax Loss. The provisions of this Section 16 shall survive the expiration or earlier termination of any Lease of Tax Indemnity Equipment. The obligation of Lessee to make an indemnity payment on account of a Tax Loss shall occur upon the earliest of (1) the happening of any event which may reasonably be expected to result in such Tax Loss, in the good faith opinion of Owner, (2) the payment by Owner to the Internal Revenue Service or any state tax authority of any tax increase directly or indirectly arising from such Tax Loss, or (3) the adjustment of any Owner tax return that reflects such Tax Loss. Lessee shall not report or claim any of the Tax Benefits or otherwise adopt a tax filing position inconsistent with Owner's full entitlement to the Tax Benefits.

17. LOCATION. Lessee will not, without written notice to Lessor specifying a new location, permit the Equipment or any part thereof to be removed from the location shown in (a) the respective Equipment Schedule pursuant to which the Equipment is leased or (b) any prior consent.

18. INSPECTION AND NOTICE. Lessor shall have the right to inspect the Equipment at any time during business hours. Lessee shall give Lessor immediate notice of any attachment, garnishment, levy or other judicial process affecting any of the Equipment and shall advise the Lessor, upon Lessor's request, of the location of any Equipment.

19. ASSIGNMENT BY LESSOR. Lessor may transfer or assign all or any part of Lessor's right, title and interest in, under or to the Equipment, or any portion thereof, and/or any Lease, and any or all sums due or to become due pursuant to any such assigned Lease, for any reason to any third party (the "Assignee"). Assignee may re-assign and transfer and such transferee shall also be referred to as the "Assignee". Lessee agrees that upon receipt of written notice from Lessor of such assignment, together with a copy of a written agreement duly executed by Lessor evidencing any such assignment, Lessee shall perform all of its obligations relating to such assigned Lease for the benefit of Assignee and, if so directed in writing, shall pay all sums due or to become due under such assigned Lease directly to the Assignee or to any other party designated in writing by the Assignee. Lessee hereby waives and agrees not to assert against the Assignee any defense, set-off, recoupment claim or counterclaim which Lessee has or may at any time have against Lessor for any reason whatsoever. For purposes of this Master Agreement, the term "Lessor" shall include any Assignee.

Upon receipt of notice of any such assignment, Lessee agrees to execute and deliver to Lessor, if requested, such documentation as Assignee may reasonably require. Lessee and Lessor hereby acknowledge and affirm that the rights and obligations set forth in the terms and covenants contained in any assigned Lease shall survive any such assignment. Nothing contained in such documentation required by Assignee shall be in derogation of any of the rights granted to Lessee hereunder or under any such assigned Lease. No such assignment shall relieve Lessor of its obligations arising under this Master Agreement or interfere with Lessee's right to quiet possession of the Equipment under any assigned Lease.

20. RESTRICTIONS ON ASSIGNMENT BY LESSEE. Except for assignments to wholly-owned subsidiaries of Lessee (which such assignment shall not relieve Lessee of its obligations under each Lease to Lessor) Lessee shall not, unless Lessee shall have obtained the prior written consent from Lessor: (a) assign,

transfer, pledge, hypothecate or grant or suffer to exist any lien or security interest in this Master Agreement, any Lease, the Equipment or any part thereof, or any interest therein, (b) sublet or lend the Equipment or any portion thereof, or (c) permit the Equipment or any portion thereof to be used by anyone other than Lessee's employees agents, contractors, subcontractors.

21. RETURN OF EQUIPMENT. Subject to Lessee's purchase option, if any, set forth in the respective Equipment Schedule, when each Lease expires or otherwise terminates, in whole or in part, Lessee shall return all (or, at Lessor's option, any part of) the Equipment leased thereunder to the Lessor in good repair and condition, excepting ordinary wear and tear resulting from its proper use, by deinstalling, packaging, and loading such Equipment, at Lessee's cost, on a carrier specified by Lessor and shipping it, fully insured, at Lessee's expense, freight prepaid by Lessee, to a site designated by Lessor.

22. DEFAULT. The occurrence of any of the following events or conditions shall constitute an event of default under all of the Leases (each is referred to herein as an "Event of Default"):

(a) Lessee shall fail to pay any rental payment required under any Lease when and as due and payable; or

(b) Lessee shall fail to pay any other sum required to be paid by Lessee under this Master Agreement or any Lease when and as due and payable; or

(c) Lessee shall fail to carry and maintain in effect insurance in accordance with Section 11 hereof; or

(d) After written notice by Lessor to Lessee, Lessee shall fail to timely perform or observe any other term, covenant or condition of this Master Agreement, any Lease or any document executed in connection therewith, and either

(i) such failure cannot be remedied or

(ii) such failure can be remedied, but such failure continues unremedied for a period of twenty (20) days after it occurs;

(e) The filing by Lessee or any Guarantor (or against Lessee or any such Guarantor to which Lessee or any such Guarantor acquiesces or which is not dismissed within sixty (60) days after the filing thereof) of any proceeding under the federal bankruptcy laws now or hereafter existing or any other similar statute now or hereafter in effect; the entry of an order for relief under such laws with respect to Lessee or any such Guarantor; or the appointment of a receiver, trustee, custodian or conservator of all or any part of the property of Lessee or any such Guarantor;

(f) The insolvency of Lessee or any Guarantor; or the execution by Lessee or any such Guarantor of an assignment for the benefit of its creditors; or the convening by Lessee or any such Guarantor of a meeting of its creditors, or any class thereof, for the purpose of effecting a moratorium upon or extension or composition of its debt; or the failure of Lessee or of any such Guarantor to pay its debts as they mature; or if Lessee or any such Guarantor is generally not paying its debts as they mature; or the admission in writing by Lessee or any such Guarantor that it is unable to pay its debts as they mature or that it is generally not paying its debts as they mature;

(g) The death or incapacity of Lessee or any Guarantor, if an individual, or the merger, consolidation, acquisition, liquidation, termination or dissolution of Lessee or any such Guarantor, if a corporation, partnership or other business association, or if Lessee or any such Guarantor shall sell or turn over the management or operation of all or any substantial portion of its property, assets or business to any other person, corporation, partnership or other business association;

(h) Lessor's good faith determination in its sole discretion that the Equipment or any portion thereof is in danger of theft, conversion, loss, damage or destruction or is to be moved, transported, shipped or stored without Lessor's prior written consent to or from a location or in a manner other than in accordance with the provisions of this Master Agreement and the Leases;

(i) The occurrence of any adverse change in the financial condition of Lessee or any Guarantor that Lessor, in its reasonable discretion, deems material.

23. REMEDIES. If any Event of Default shall occur, Lessor, at its option, without notice or demand on Lessee (except as expressly provided in subparagraph (g) below), in addition to any and all other remedies available to Lessor under applicable law, may do any or all of the following:

(a) Terminate all or any of the Leases and/or Lessee's rights of possession and use of all or any portion of the Equipment under all or any of the Leases;

(b) Take possession of all or any portion of the Equipment, wherever located, or render the same unusable;

(c) Require the Lessee to assemble and return all or any portion of the Equipment to Lessor (as more fully specified in Section 21 hereof);

(d) Retain, hold, sell, lease or otherwise dispose of all or any portion of the Equipment, in a public or private transaction, without demand upon or notice to Lessee, and any such sale, lease or other disposition shall be free and clear of any rights of Lessee;

(e) Use, without cost to Lessor, Lessee's place of business for the purpose of storing all or any portion of the Equipment;

(f) Apply the proceeds of any security deposits held in connection with any of the Leases to payment of rentals thereunder or damages incurred in connection therewith (any such security deposits are separate and distinct from any prepayments of rent collected in connection with any Lease);

(g) Recover other and further damages, which shall include but not be limited to payment by Lessee immediately upon demand of the following, each bearing interest until paid in full at the rate of 18% per annum from the earlier of (A) the date such demand is made or (B) the date otherwise due and payable:

(i) all accrued and unpaid rent payments payable under all or any of the Leases and all other costs, charges, fees and amounts payable thereunder or hereunder;

(ii) as liquidated damages for the loss of a bargain, and not as a penalty, an amount equal to the aggregate Stipulated Loss Value of all or any portion of the Equipment (after giving effect to the application of all rent payments actually paid pursuant to subparagraph (g) (i) of this Section 23), less the sum of:

(A) the proceeds of any security deposits applied to payment of Lease rentals or damages incurred in connection with the Leases (any such security deposits are separate and distinct from any prepayments of rent collected in connection with any Lease), plus

(B) either the net proceeds of a public or private sale or other disposition thereof, or, at Lessor's sole option, the fair market value thereof as of the date possession of such Equipment is returned to Lessor, which fair market value shall be determined by Lessor, in the exercise of its reasonable discretion, and notice thereof given in writing to Lessee or, if Lessee objects in writing within ten (10) days after receipt of such written notice from the Lessor, then by a professional, third party appraiser selected by Lessor, whose determination shall be final and irrebuttable in the absence of manifest error;

(iii) all of Lessor's reasonable costs and expenses in connection with Lessee's breach of this Master Agreement, or any Lease, or the enforcement of this Master Agreement or any Lease (including reasonable attorneys' fees and expenses), or associated with the repossession, reconditioning and sale, lease or other disposition of the Equipment; and

(iv) payment of any and all amounts payable by Lessee under Section 16 hereof.

Lessor's and Lessee's remedies hereinabove specified are cumulative, and may be exercised by Lessor in any order or manner, as to all of the Leases and Equipment or only a portion thereof, all as Lessor shall determine in its sole discretion. No exercise of any remedy available to Lessor and Lessee shall constitute any election foreclosing Lessor from the subsequent exercise of any other remedy. In furtherance of its remedies, Lessor may and is hereby irrevocably authorized by Lessee (and Lessee, at its sole cost and expense, shall cause Lessor to be duly authorized by all necessary parties) to enter without trespass or liability upon any premises on which the Equipment or any portion thereof may be located. In the event that Lessor, at its option, shall give Lessee notice of any proposed sale or other disposition of the Equipment or any part thereof, Lessee hereby agrees that written notice given to Lessee in accordance with the terms of this Master Agreement at least ten (10) days prior to any such sale or other disposition shall be and be deemed to be commercially reasonable notice.

24. OFFSET. Lessee hereby waives all existing and future claims and offsets against any rental or other payment that becomes due and payable hereunder or under the Leases, and agrees that its obligations and liabilities for the payment of all rental and other payments that become due and payable hereunder or under the Leases shall be absolute and unconditional.

25. NO THIRD PARTY BENEFICIARIES. This Master Agreement, each Lease and all other documents executed in connection therewith are for the sole and exclusive protection and benefit of the Lessor, any Assignees of Lessor, and the Lessee, and no other person or entity shall have any right of action hereon or thereon.

26. APPLICABLE LAW. This Master Agreement and the Leases shall be governed by and construed in accordance with the laws of the State of Colorado applicable to contracts made and to be performed entirely within that State.

27. TIME OF THE ESSENCE. Time is expressly made of the essence of this Master Agreement and of the Leases.

28. NOTICES. All notices required or permitted to be given hereunder or under any Lease shall be in writing and may be given in person (including express or courier service) or by United States mail, delivery service or electronic transmission to the telecopier number set forth above. Any notice directed to a party hereunder or under any Lease shall become effective upon the earliest of the following: (i) actual receipt by that party; (ii) delivery to the address of that party first set forth above (or to such other address as such party may from time to time designate in writing); (iii) if given by United States mail, forty-eight (48) hours after deposit with the United States Postal Service, postage prepaid, addressed to the address of that party first set forth above (or to such other address as such party may from time to time designate in writing); or (iv) if sent by electronic transmission by telecopier, immediately upon transmission.

29. HEADINGS. The headings or captions of Sections in this Master Agreement are for convenience and reference only, and in no way define, limit or describe the scope or intent of this Master Agreement or the provisions of such Sections.

30. INTEGRATION AND MODIFICATION. This Master Agreement, including all Leases, schedules, and exhibits, executed in connection herewith, constitute the entire agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. All modifications, consents, amendments or waivers of any provision of this Master Agreement or any Lease, or consent to any departure by Lessee therefrom, shall be effective only if the same shall be in writing and signed by Lessor.

31. WAIVER. No failure to exercise, and no delay in exercising, on either party's part any right hereunder or under any Lease shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other further exercise thereof or the exercise of any other right. The rights of both parties hereunder and under the Leases shall be in addition to all other rights provided at law or equity except that Lessee's obligations shall not be subject to defense or mitigation unless expressly provided in this Master Agreement. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

32. ATTORNEY FEES. In the event of any arbitration proceeding, action at law or suit in equity in relation to this Master Lease or any Equipment Schedule, the prevailing party will be entitled to reasonable attorneys' fees.

33. SUSPENSION OF LESSOR'S OBLIGATION. The obligation of Lessor hereunder will be suspended (or, at Lessor's option, terminated) to the extent that Lessor is hindered or prevented from complying therewith because of labor disturbances, including but not limited to strikes and lockouts, acts of God, fires, storms, accidents, failure of the manufacturer to deliver any item or Equipment, governmental regulations or interference or any cause whatsoever not within the sole and exclusive control of Lessor.

34. CHOICE OF FORUM; CONSENT TO PROCESS AND JURISDICTION. Any suit, action or proceeding against Lessee with respect to this Master Agreement, the Equipment (or any portion thereof) and/or any Lease or any judgment entered by any court in respect thereof, may be brought in the courts of the State of Colorado, or in the United States District Court for the District of Colorado, as Lessor in its sole discretion may elect, and Lessee hereby irrevocably submits to the nonexclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Lessee hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Master Agreement, the Equipment (or any portion thereof) and/or any Lease brought in the courts located in the State of Colorado, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

35. INVALID PROVISIONS. If any provision of this Master Agreement or any Lease is held to be illegal, invalid or unenforceable under present or future laws during the term hereof or thereof, such provision shall be fully severable; the document containing such provision shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of such document; and the remaining provisions of such document shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from such document. Furthermore, in lieu of each such illegal, invalid or unenforceable provision there shall be added in writing as part of such document a provision mutually agreeable to Lessor and Lessee as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

36. FURTHER ASSURANCES. Lessee hereby agrees, from time to time, upon the reasonable request of Lessor, to execute and deliver or cause to be executed and delivered, such further documents and to do such other acts and things as Lessor may reasonably request in order fully to effect the purposes of this Master Agreement and the Leases, or any of them.

37. ARBITRATION. Lessor and Lessee agree to bound by the terms of the Arbitration Program attached hereto as Exhibit "B" and incorporated herein by this reference, pursuant to which any and all disputes shall be resolved by mandatory binding arbitration upon the request of either party.

The undersigned agree to all terms and conditions set forth herein, and in witness whereof, they hereby execute this Master Agreement as of the date first set forth hereinabove.

LESSOR:  
  
FIRST INTERSTATE BANK OF CALIFORNIA

By/s/ Jillee S. Graliau  
-----  
  
Title Vice President  
-----

LESSEE:  
  
TELE TECH TELECOMMUNICATIONS, INC.  
a California corporation

By/s/ Kenneth Tuchman  
-----  
  
Title President  
-----

TELETECH TELESERVICES, INC.  
a Colorado corporation

By /s/ Kenneth Tuchman  
-----  
  
Title  
-----

TELETECH HOLDINGS, INC.  
a Delaware corporation

By/s/ Kenneth Tuchman  
-----  
  
Title President  
-----

## EXHIBIT "A"

## EQUIPMENT SCHEDULE

DATED \_\_\_\_\_  
 TO  
 MASTER LEASE AGREEMENT  
 DATED \_\_\_\_\_

LESSEE:

LESSOR:

-----  
 Name Name  
 -----  
 Address Address  
 -----

1. MASTER LEASE: The terms and conditions of that Master Lease Agreement dated as of the date set forth above by and between the Lessor and Lessee (the "Master Agreement") are by this reference incorporated herein as if fully set forth herein and together with the terms and conditions hereof, and of all schedules, riders, addenda and/or exhibits that are attached or refer to this Equipment Schedule, constitute a single and severable agreement of lease (this "Lease"). Subject to all of the terms and conditions of this Lease, Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor, the personal property described below and on any supplemental Schedule "A" hereto (hereinafter, together with all replacement parts, additions, modifications, repairs and accessories incorporated therein and/or attached thereto, said personal property is referred to as the "Equipment"):

-----  
 -----  
 QTY. DESCRIPTION OF EQUIPMENT - MAKE, KIND, MODEL NO., SERIAL NO., AND ANY OTHER PERTINENT ORIGINAL  
 -----  
 \$  
 -----  
 -----  
 -----  
 Freight  
 -----  
 \*If additional space is required, attach Schedule A. Total Original Cost \$  
 -----  
 Location of Equipment (if additional space is required, attach Schedule A)  
 -----  
 -----

2. ACCEPTANCE DEADLINE: \_\_\_\_\_, 19\_\_.

3. TERM: The term of this Lease shall be a period of \_\_\_\_\_ months and shall commence on the date that the Equipment is accepted by Lessee on behalf of Lessor (the "Acceptance Date").

4. RENT COMMENCEMENT DATE: The first day of the month immediately following the Acceptance Date.

5. BASIC RENT PAYMENT DATE: The first day of each month beginning with the Rent Commencement Date.

6. RENT:

(a) INTERIM RENT: An amount equal to 1/30th of the Basic Rent multiplied by the number of days elapsed from and including the Acceptance Date but excluding the Rent Commencement Date and due and payable concurrently with the delivery of the Certificate of Acceptance by Lessee to Lessor.

(b) BASIC RENT: For the term of this Lease, Lessee shall pay Lessor Basic Rent of \$\_\_\_\_\_ monthly plus applicable sales tax, payable on each Basic Rent Payment Date.

If the first day of each month during the term of this Lease is not a business day, Basic Rent shall be due on the next subsequent business day. Unless otherwise expressly agreed to in writing by Lessor, sales tax on each rental payment received by Lessor under this Lease shall be due and payable by Lessee to Lessor on each Basic Rent Payment Date.

(c) OVERDUE RENT: Lessee shall pay to Lessor an Overdue Rent Charge of 5% of all Basic Rent payments not received by Lessor on or before the Basic Rent Payment Date.

7. PURCHASE OPTION: Provided that (i) an Event of Default does not exist; (ii) this Lease has not previously been terminated; and (iii) Lessee has given Lessor not less than sixty (60) days notice prior to the expiration of the initial term of the Lease, Lessee shall have the option to purchase all (but not less than all) of the Equipment on the original expiration date of this Lease under the following terms and conditions:

[Note - Choose alternative and delete the other.]

[Lessee shall have the right to purchase the Equipment, on an "as-is, where-is" basis, without representation or warranty of any kind, at the then current FAIR MARKET VALUE thereof (assuming a sale for cash thereof by a ready, willing and able seller to a ready, willing and able buyer (other than a scrap or salvage dealer) in an arms length transaction where neither seller nor buyer is under any compulsion to sell or buy, and assuming further that such Equipment is then in the condition in which it is required to be maintained hereunder and under the Master Agreement), provided that such right is further subject to payment in full of the purchase price within twenty (20) days after establishment of such fair market value. Such fair market value of the Equipment shall be established by Lessor, in the exercise of its reasonable discretion, and disclosed in writing to Lessee or, if Lessee objects in writing within ten (10) days after receipt of such written disclosure from the Lessor, then, at Lessee's expense, by a third party professional appraiser selected by Lessor, whose determination shall be final and irrebuttable in the absence of manifest error.]

OR

[Lessee shall have the right to purchase the Equipment, on an "as-is, where-is" basis, without representation or warranty of any kind, for \$\_\_\_\_\_, provided that such right is further subject to payment in full of the purchase price on or before the expiration of the initial term of this Lease.]

Lessee shall pay or reimburse Lessor all of Lessor's reasonable costs and expenses incurred in connection with such purchase and shall pay all taxes imposed in connection with such sale (other than taxes imposed on or measured by Lessor's net income).

8. MODIFICATION TO MASTER AGREEMENT: All terms and conditions of this Lease shall be as set forth above and in the Master Agreement, except (if additional space is required, attach an Addendum to this Lease):

9. CONDITIONS PRECEDENT: Lessor shall have no obligation to purchase the Equipment and to lease the same to Lessee hereunder: (i) if the actual cost of the Equipment exceeds the original cost thereof set forth hereinabove; (ii) if there exists any Event of Default or event or condition which, with the lapse of



time or the giving of notice or both, would constitute an Event of Default; or (iii) unless prior to the Acceptance Deadline Lessee, at its expense, shall have delivered or caused to be delivered to Lessor all of the documents required under Section 3 of the Master Agreement and, in addition, Lessee, at its expense, shall have fully satisfied all of the following additional conditions precedent (if additional space is required, attach an Addendum to this Lease):

10. SCHEDULE: The "Schedule of Stipulated Loss Percentages" that is attached or refers to this Equipment Schedule is by this reference expressly incorporated herein as if fully set forth herein.

11. REAFFIRMATION: By their execution and delivery of this Equipment Schedule, the parties hereby reaffirm all of the terms and conditions of the Master Agreement, except to the extent, if any, modified hereby.

12. COUNTERPARTS: The Equipment Schedule evidencing this Lease may be executed in more than one original counterpart. However, only the counterpart designated below as "Counterpart No. 1" shall evidence the monetary obligation of Lessee with respect to this Lease. To the extent, if any, that this Lease constitutes "chattel paper," as that term is defined in the Colorado Uniform Commercial Code, no security interest in this Lease may be created or perfected by the transfer or possession of any counterpart hereof other than said "Counterpart No. 1."

THIS IS COUNTERPART NO. \_\_\_\_\_ OF \_\_\_\_\_ COUNTERPART ORIGINALS.

IN WITNESS WHEREOF, this Equipment Schedule has been executed, delivered and accepted this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

LESSOR: LESSEE:  
  
FIRST INTERSTATE BANK OF \_\_\_\_\_  
N.A.

By \_\_\_\_\_ By \_\_\_\_\_  
Title \_\_\_\_\_ Title \_\_\_\_\_

## ARBITRATION PROGRAM

(a) **BINDING ARBITRATION.** Upon the demand of Borrower or Bank (collectively the "parties"), whether made before the institution of any Judicial proceeding or not more than 60 days after service of a complaint, third party complaint, cross-claim or counterclaim or any answer thereto or any amendment to any of the above, any Dispute (as defined below) shall be resolved by binding arbitration in accordance with the terms of this arbitration clause. A "Dispute" shall include any action, dispute, claim, or controversy of any kind, whether founded in contract, tort, statutory or common law, equity, or otherwise, now existing or hereafter occurring between the parties arising out of, pertaining to or in connection with this Agreement or any related agreements, documents, or instruments (the "Documents"). The parties understand that by this Agreement they have decided that the Disputes may be submitted to arbitration rather than being decided through litigation in court and that once decided by an arbitrator the claims involved cannot later be brought, filed, or pursued in court.

(b) **GOVERNING RULES.** Arbitrations conducted pursuant to this Agreement, including selection of arbitrators, shall be administered by the American Arbitration Association ("Administrator") pursuant to the Commercial Arbitration rules of the Administrator. Arbitrations conducted pursuant to the terms hereof shall be governed by the laws of the State of Colorado, including the provisions of CRS 13-22-201 et seq, and CRS 13-21-102(5). Judgment upon any award rendered hereunder may be entered in any court having jurisdiction; provided, however, that nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. Section 91 or similar governing state law. Any party who fails to submit to binding arbitration following a lawful demand by the opposing party shall bear all costs and expenses, including reasonable attorney's fees, incurred by the opposing party in compelling arbitration of any Dispute.

(c) **NO WAIVER, PRESERVATION OF REMEDIES, MULTIPLE PARTIES.** No provision of, nor the exercise of any rights under, this arbitration clause shall limit the right of any party to (1) foreclose against any real or personal property collateral or other security, (2) exercise self-help remedies (including repossession and setoff rights) or (3) obtain provisional or ancillary remedies such as injunctive relief, sequestration, attachment, replevin, garnishment, or the appointment of a receiver from a court having Jurisdiction. Such rights can be exercised at any time except to the extent such action is contrary to a final award or decision in any arbitration proceeding. The institution and maintenance of an action as described above shall not constitute a waiver of the right of any party, including the plaintiff, to submit the Dispute to arbitration, nor render inapplicable the compulsory arbitration provisions hereof. Any claim or Dispute related to exercise of any self-help, auxiliary or other exercise of rights under this section (c) shall be a Dispute hereunder.

(d) **ARBITRATOR POWERS AND QUALIFICATIONS; AWARDS.** Arbitrators shall resolve all Disputes in accordance with the applicable substantive law. Arbitrator(s) may make an award of attorneys' fees and expenses if permitted by law or the agreement of the parties. All statutes of limitation applicable to any Dispute shall apply to any proceeding in accordance with this arbitration clause. Any arbitrator selected to act as the only arbitrator in a Dispute shall be required to be a practicing attorney with not less than 10 years practice in commercial law in the state of Colorado. With respect to a Dispute in which the claims or amounts in controversy do not exceed five hundred thousand dollars (\$500,000), a single arbitrator shall be chosen and shall resolve the Dispute. In such case the arbitrator shall have authority to render an award up to but not to exceed five hundred thousand dollars (\$500,000) including all damages of any kind whatsoever, costs, fees and expenses. Submission to a single arbitrator shall be a waiver of all parties' claims to recover more than five hundred thousand dollars (\$500,000). A Dispute involving claims or amounts in controversy exceeding five hundred thousand dollar (\$500,000) shall be decided by a majority vote of a panel of three arbitration ("Arbitration Panel"). An Arbitration Panel shall be composed of one arbitrator who would be qualified to sit as a single arbitrator in a Dispute decided by one arbitrator, one who has at least ten years experience in commercial lending and one who has at least ten years experience in the marketing/communications industry. Arbitrator(s) may, in the exercise of their discretion to, at the written request of a party in any Dispute, 1) consolidate in a single proceeding any multiple party claims that are substantially identical and all claims arising out of a single loan or series of loans including claims by or against borrower(s), guarantors, sureties and or owners of collateral if different from the borrower, and 2) administer multiple arbitration claims as class actions in accordance with Rule 23 of the Federal Rules of Civil Procedure. The arbitrator(s) shall be empowered to resolve any Dispute regarding the terms of this Agreement or the arbitrability of any Dispute or any claim that all or any part (including this provision) is void or voidable but shall have no power to change or

alter the terms of this Agreement. The award of the arbitrator(s) shall be in writing and shall specify the factual and legal basis for the award.

(e) MISCELLANEOUS. To the maximum extent practicable, the Administrator, the Arbitrator(s) and the parties shall take any action necessary to require that an arbitration proceeding hereunder be concluded within 180 days of the filing of the Dispute with the Administrator. The Arbitrator(s) shall be empowered to impose sanctions for any party's failure to proceed within the times established herein. Arbitration proceedings hereunder shall be conducted in Denver, Colorado at a location determined by the Administrator. In any such proceeding a party shall state as a counterclaim any claim which arises out of the transaction or occurrence or is in any way related to the Documents which does not require the presence of a third party which could not be joined as a party in the proceeding. The provisions of this arbitration clause shall survive any termination, amendment, or expiration of the Documents and repayment in full of sums owed to Bank by Borrower unless the parties otherwise expressly agree in writing. Each party agrees to keep all Disputes and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or as required by applicable law or regulation.

SUBLEASE

Between

NORWEST BANK COLORADO, NATIONAL ASSOCIATION  
as Sublandlord

and

TELETECH TELESERVICES, INC.,  
TELETECH TELECOMMUNICATIONS, INC., AND  
TELETECH HOLDINGS, INC.

as Subtenant

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## LIST OF EXHIBITS

Exhibit A:	Master Lease
Exhibit B:	Description of Premises

SUBLEASE

THIS SUBLEASE, dated as of September 28, 1995, is made between NORWEST BANK COLORADO, NATIONAL ASSOCIATION, a national banking association ("Sublandlord"), and TELETECH TELESERVICES, INC., a Colorado corporation, TELETECH HOLDINGS, INC., a Delaware corporation, and TELETECH TELECOMMUNICATIONS, INC., a California corporation (together, the "Subtenant").

RECITALS:

A. United Bank of Denver National Association, a national banking association, as Tenant, and 1700 Lincoln Limited, a Colorado limited partnership, as Landlord ("Master Landlord"), entered into that certain Amended and Restated Lease Agreement dated December 30, 1988, as amended on April 20, 1989, and July 20, 1994 ("Together the, "Master Lease"). The Master Lease covers that certain office space (approximately 23,144 square feet of the total Net Rentable Area) on the 21st Floor located at 1700 Lincoln Street, Denver, Colorado (the "Premises"), as more fully described in the Master Lease and on Exhibit B attached hereto and made a part hereof.

B. A true and correct copy of most of the provisions of the Master Lease is attached hereto as Exhibit A and made a part hereof. Sublandlord hereby represents and warrants that those provisions which have been deleted from the Master Lease do not and could not have any effect materially adverse to the rights or obligations of Subtenant or the obligations of Sublandlord under this Sublease.

C. Norwest Bank Colorado, National Association is successor in interest to Norwest Bank Denver, National Association, formerly known as United Bank of Denver National Association.

D. Subtenant desires to sublet the Premises and Sublandlord is willing to sublet the Premises to Subtenant.

E. The consent of Master Landlord under the Master Lease is required for this Sublease.

F. The capitalized terms used herein that are not defined herein but are defined in the Master Lease shall have the meanings ascribed thereto in the Master Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions of this Sublease, the parties agree as follows:

1. SUBLEASE OF PREMISES. Sublandlord hereby subleases the Premises to Subtenant, and Subtenant hereby takes and subleases the Premises from Sublandlord.

2. TERM OF SUBLEASE. The term of this Sublease shall commence upon the earlier of occupancy or February 1, 1996 ("Commencement Date") and shall end on May 31, 2000, unless sooner terminated as otherwise provided in this Sublease or the Master Lease. For the purpose of this Section 2, "occupancy" shall mean the transaction or solicitation of any business by telephone or otherwise with the general public, or the use of the Premises by any employee of Subtenant. If the term of this Sublease commences on a date earlier than February 1, 1996, Sublandlord and Subtenant shall, at the request of either, execute a declaration specifying the Commencement Date of the term of this Sublease. In such event, the stated term of, and rental under this Sublease will commence on the revised Commencement Date, and the Base Rent will be increased accordingly and the expiration date shall remain May 31, 2000.

3. RENT.

A. BASE RENT.

(1) Subtenant covenants and agrees to pay Sublandlord as Base Rent for the Premises during the term of this Sublease the sum of \$1,990,769.56 payable in monthly installments of \$38,284.03. All monthly payments shall be due and payable on the first day of each calendar month during the term of this Sublease. All Base Rent due hereunder shall be prorated for any fractional calendar month at the beginning and end of the term of this Sublease. All Base Rent and any Additional Rent as hereinafter defined (together, "Rent") shall be paid without notice, demand, offset or deduction, in lawful money of the United States of America at the address of Sublandlord as set forth hereinafter or at such other place as Sublandlord may from time to time designate in writing.

(2) It is agreed between Sublandlord and Subtenant that any monthly installment, or proration thereof, of Rent which shall not be paid by the tenth (10th) day of each month, or any other payment required to be made by Subtenant and not made when due, shall bear interest at the rate in effect from time to time equal to four percentage points (4%) above the prime rate of interest charged by Norwest Bank Colorado, National Association or its successors, effective the day of any change from the date when the same became due and payable by the terms hereof. "Prime Rate" shall mean the rate of interest announced to the general public by Norwest Bank Colorado, National Association or its successor as its "prime" rate or "base" rate.

(3) If Subtenant fails to pay any monthly Base Rent or Additional Rent on the date they are due and payable, the unpaid

amounts will be subject to a late payment charge equal to six percent (6%) of the unpaid amounts. This late payment charge is intended to compensate Sublandlord for its additional administrative costs resulting from Subtenant's failure, and has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs that will be incurred by Sublandlord as a result of Subtenant's failure. The actual cost in each instance is extremely difficult, if not impossible, to determine. This late payment charge will constitute liquidated damages and will be paid to Sublandlord together with such unpaid amounts. The payment of this late payment charge will not constitute a waiver by Sublandlord of any default by Subtenant under this Sublease.

B. ADDITIONAL RENT.

(1) In addition to Base Rent, for each calendar year during the term of this Sublease, Subtenant shall pay to Sublandlord "Additional Rent," the amount of which shall be determined under this paragraph 3.B. The per-square-foot Variable Rent for the calendar year 1995, determined as set forth in Sections 4.04 and 4.05(a) of the Master Lease, shall be referred to herein as the "1995 Base Variable Rent." Commencing January 1, 1996, the Additional Rent payable by Subtenant to Sublandlord each year under this paragraph B shall be the per-square-foot Variable Rent determined each year less the 1995 Base Variable Rent, multiplied by 23,144.

(2) Commencing January 1, 1996 and each year thereafter, to the extent the Additional Rent or that Master Landlord's estimated projections in Section 4.04(b) of the Master Lease indicate that the annual Variable Rent will exceed the annual 1995 Base Variable Rent, Subtenant shall pay, concurrently with each payment of Base Rent, to Sublandlord such excess in accordance therewith. Further, Subtenant shall pay, upon demand, for any additional services, as defined in paragraph 4 below, requested by Subtenant, and to the extent the Master Lease requires Sublandlord to pay the operating expenses and any pass throughs (set forth in paragraph 3 below) as incurred, Subtenant shall also be so required. In the event the Variable Rent exceeds the estimated payments made by Subtenant under this paragraph (2) for the immediately preceding calendar year, Subtenant shall pay Sublandlord, within thirty (30) days of receipt of written notice, an amount equal to such difference. In the event that the estimated payments made by Subtenant under this paragraph (2) for the immediately preceding calendar year exceeds the Variable Rent, Sublandlord shall pay Subtenant, within thirty (30) days after issuance of a written statement to that effect, an amount equal to such excess.

(3) For purposes of this Sublease, "operating expenses" shall have the meaning given in Section 4.04 of the



Master Lease and, in addition, any other pass through costs, expenses or charges of any kind or nature attributed directly or indirectly to the Premises which Sublandlord is obligated to pay under the Master Lease, including, without limitation, additional janitorial services, chilled water, metered HVAC and electrical.

(4) For the purpose of this Sublease, "additional services" shall mean any supplies, services or repairs furnished by Master Landlord or Sublandlord at the request of Subtenant that would not be included within the definition of operating expenses, including, without limitation, building access cards and monitoring, overtime HVAC charges, extra janitorial services, and light bulbs and labor.

(5) If required by Master Landlord or Sublandlord, Sublandlord or Master Landlord shall be entitled to install at Subtenant's sole cost and expense, separate metering of utilities to the Premises. Subtenant acknowledges that the Premises currently contain the standard electrical capacity of 4 watts per rentable square feet. Electrical charges beyond building standard capacity of 4 watts per rentable square feet (3 watts on high voltage 277 lighting, 1 watt on low voltage 120 one outlet), at Master Landlord's or Sublandlord's discretion, may be metered and billed to Subtenant in accordance with this Sublease.

4. SUBTENANT ALLOWANCES. Providing Subtenant is not in default of the terms of this Sublease or the Master Lease at the time payment is made and providing Sublandlord has previously complied with Section 28 of this Sublease, and the plans and specifications have been approved in accordance with Section 6D of this Sublease, Sublandlord will pay a tenant improvement allowance ("Tenant Improvement Allowance") in the amount of \$500,144.84 for the construction of tenant improvements in conformity with the plans and specifications submitted to Sublandlord payable as follows: \$250,072.42 upon the execution of the Sublease by Sublandlord and Subtenant, and the Consent to Sublease by Master Landlord, and the sum of \$250,072.42 upon the Commencement Date and the payment of the first month's Rent.

5. USE. Subtenant shall use the Premises only for providing telemarketing services and for no other purposes. Subtenant shall conduct its use of the Premises only in a manner which is consistent with the terms of the Master Lease and the rules of the Building described in Section 23.01 of the Master Lease, as the same may be amended in accordance with the Master Lease. Any approvals required for use of the Premises by Subtenant under the Master Lease must be made by both Master Landlord and Sublandlord.

6. CONDITION OF PREMISES.

A. Subtenant accepts the Premises in its present "as is" condition. Subtenant, at Subtenant's own expense, shall keep,

after the completion of the tenant improvements, the Premises in good order, condition and repair, including all fixtures and equipment installed by Subtenant.

B. Subtenant warrants that the Tenant Improvement Allowance will be used for the construction of tenant improvements made to the Premises pursuant to the plans and specifications submitted to and approved by Sublandlord. Subtenant agrees to pay any tenant improvement expenses in excess of the Tenant Improvement Allowance.

C. During construction of the tenant improvements, Subtenant shall not be required to pay any project construction fees or management fees to Sublandlord or Master Landlord.

D. Sublandlord and Subtenant will cooperate with each other and consistently act in a timely and diligent manner to permit Subtenant to complete the tenant improvements approved by Sublandlord and Master Landlord. Subtenant will contract for and supervise all tenant improvement construction. All preliminary and final construction drawings, construction timetables/schedules and general/sub-contractors must be approved by Sublandlord (which consent shall not be unreasonably withheld) and Master Landlord before any such construction may commence. All tenant improvements that will involve mechanical and electrical engineering and structural changes must be approved by Master Landlord's Building engineers or other engineers selected by Master Landlord (together, "Master Landlord's Engineers"). The current mechanical and electrical Building Engineer is I. A. Naman, Houston, Texas. After approval of the construction drawings and the construction timetables/schedules, any material changes to such drawings, timetables or schedules must be reviewed and approved by Sublandlord and Master Landlord prior to the occurrence of such changes. Sublandlord and Master Landlord will use its best efforts to review such changes within fourteen (14) days of the date of their receipt. Subtenant specifically agrees not to (i) begin construction of any kind on the Premises until the plans and specifications have been approved by the aforementioned parties, and (ii) occupy the Premises until the improvements have been completed in conformity with plans and specifications as approved and inspected by I. A. Naman. Finally, Subtenant understands that by I. A. Naman approving the plans and specifications that I. A. Naman may require additional work to be completed related to Subtenant's tenant improvements. Subtenant agrees to comply with any requirements and complete the work described therein required by I. A. Naman.

E. Except as specifically set forth in this Section or elsewhere in this Sublease, Subtenant acknowledges that neither Master Landlord nor Sublandlord nor their agents or employees have made any representations or warranties as to the suitability or fitness of the Premises for the conduct of Subtenant's business or

for any other purpose, nor has Master Landlord or Sublandlord or their agents or employees agreed to make any tenant improvements to the Premises.

7. ASSIGNMENT AND SUBLETTING.

A. So long as an event of default under Section 27 of this Sublease has not occurred and is continuing, Subtenant may assign this Sublease or sublet all or any part of the Premises (any and all of the foregoing hereinafter shall be referred to as a "transfer") to any of the wholly-owned subsidiaries of TeleTech Holdings, Inc. without the prior written consent of Sublandlord, provided prior written notice is delivered to Sublandlord within ten (10) days before the date of such assignment or subletting setting forth the legal name of the assignee or sublessee.

B. So long as an event of default under Section 27 of this Sublease has not occurred and is continuing, Subtenant may transfer the Premises to a third party with the prior written consent of Sublandlord; provided, however, Sublandlord shall not unreasonably withhold its consent as to any proposed sublease or assignment. Sublandlord will respond to Subtenant's written request made in accordance with this Sublease within fourteen (14) after receipt thereof, and in the event Sublandlord fails to respond to Subtenant's request within such time period, Subtenant's request shall be deemed to be denied, provided, however, Master Landlord shall not be bound by any of matters contained within this sentence.

C. Except as specifically permitted in paragraphs 7A and B above for Sublandlord, any attempted transfer without Sublandlord's or Master Landlord's prior written consent shall be void and shall confer no rights upon any third person and/or parties and shall be a default of Subtenant under this Sublease. In addition to any other requirements which may be made by Sublandlord or Master Landlord, any transfer shall be in accordance with Article XVI of the Master Lease. In the event an assignment or subletting should occur in accordance with paragraphs 7A or B above, Master Landlord's prior written consent must be obtained, and Subtenant will not be released from its payment and performance obligations under the Sublease, but rather Subtenant and its assignee will be jointly and severally and primarily liable for all payment, term, covenants and performance obligations under the Sublease. A consent by Subtenant to any particular sublease or assignment shall not constitute a consent to any subsequent sublease or assignment.

D. For the purpose of this Section 7, any merger (in which the Subtenant is not the surviving entity), dissolution, consolidation or other reorganization of any Subtenant, or any sale (except for an offering of sale of the capital stock to the general public through a nationally recognized stock brokerage house),

transfer, pledge or other disposition of any Subtenant's capital stock, shall be deemed a transfer (whether the same occurs voluntarily, involuntarily, by operation of law or otherwise).

8. ALTERATIONS. Subtenant covenants and agrees not to improve, alter, add to, remove or demolish any improvements on the Premises, or use any contractors or workmen to make alterations, without the prior written consent of Sublandlord (which consent shall not be unreasonably withheld), and Master Landlord, subject, however, to the terms and provisions of the Master Lease. Sublandlord and Master Landlord will use their best efforts to review any written requests within fourteen (14) days of the date of their receipt.

9. HEATING, VENTILATING AND AIR CONDITIONING.

A. The Building hours of operation shall be as provided in the Master Lease which currently are 7:00 a.m. to 6:00 p.m., Monday through Friday, and 7:00 a.m. to 1:00 p.m. on Saturday. Services which the Master Lease provides shall be furnished only during normal business hours, and shall at times other than those described herein, be furnished only upon request by Subtenant to Master Landlord. Subtenant shall bear the after-hour usage for both zones of heating, ventilating and air conditioning located on the 21st Floor at a rate of Twenty-Five Dollars (\$25.00) per hour per zone and shall pay Master Landlord, upon demand, directly at the address set forth hereinafter or such other place as Master Landlord or Sublandlord may from time to time designate in writing. The only services to which Subtenant is entitled are those to which Sublandlord is entitled as Tenant under the Master Lease.

B. Subject to the written consent of Sublandlord and Master Landlord, Subtenant may install, at its sole cost and expense, additional air conditioning equipment. To the extent the foregoing should require separate metering, as determined by Master Landlord or Sublandlord in their sole discretion, Subtenant shall pay, upon demand, for the documented cost of the meter, all reasonable and documented costs and expenses required for its installation and the usage charges.

10. LEASE TERMS APPLY.

A. This Sublease is subject and subordinate to the Master Lease, except to the extent the Master Lease may be inconsistent with the terms hereof, in which case the terms of this Sublease shall govern. All of the terms, covenants and conditions of the Master Lease except for Articles III, VI, XI, XXI, XXII, XXVI, XXVIII, XXX, and Sections 2.02, 2.03, 4.01, 4.02, 7.1(a), 7.03, 7.05, 12.02, 13.01 (first paragraph), 13.03, 14.02, 15.02, 16.02, 18.03, and 27.01(g) shall be applicable to and incorporated into this Sublease as if Sublandlord were the "Landlord" under the Master Lease and Subtenant were the "Tenant" thereunder, subject to

the modifications set forth in Section 10B. below and elsewhere herein. With respect to the Premises, Subtenant hereby assumes and agrees to perform and observe all covenants and obligations of Sublandlord as Tenant under the Master Lease, except to the extent the Master Lease may be inconsistent with the terms hereof, in which case the terms of this Sublease shall govern, and except for Articles III, VI, XI, XXI, XXII, XXVI, XXVIII, XXX, and Sections 2.02, 2.03, 4.01, 4.02, 7.01(a) 7.03, 7.05, 12.02, 13.01 (first paragraph) 13.03, 14.02, 15.02, 16.02, 18.03, and 27.01(g).

B. The following modifications are made to the Articles and Sections of the Master Lease that are incorporated into this Sublease:

(1) Section 8.01: Master Landlord retains all obligations to make repairs and perform any necessary maintenance, repairs, refurbishing, and replacement, both to the Building and the Premises to the extent required by the Master Lease; provided, however, that upon notification by Subtenant to Sublandlord of the need for any such maintenance, repairs, refurbishing or replacement, Sublandlord shall forthwith notify Master Landlord of the same.

(2) Section 9.01: Subtenant acknowledges that Master Landlord has sole responsibility for the repair or rebuilding of the Premises caused by any damage or destruction, and for making the determination if there is "Qualified Damage" (as defined in Article IX) so as not to rebuild.

(3) Article XXII: Subtenant covenants and agrees not to abandon or vacate the Premises.

C. Subtenant acknowledges that Master Landlord retains all of its rights and remedies under the Master Lease with respect to the Premises to the same extent as it would have if the Sublease did not exist. Subtenant hereby acknowledges that it has received a copy of, has read and is familiar with the Master Lease, in the form attached hereto as EXHIBIT A.

D. Sublandlord, unless otherwise stated herein, has the same rights as Master Landlord under the Master Lease to enforce obligations and covenants with respect to the Premises, except to the extent waived by Master Landlord.

E. Subtenant agrees, in addition to any other requirements contained in the Master Lease or this Sublease, that the Premises will be in compliance with the Americans with Disabilities Act of 1990, as amended from time to time (together, "ADA"), and with any other governmental rules, regulations or laws applicable to Subtenant's work and working conditions within the Premises, except to the extent written consent has been unreasonably denied by Sublandlord or Master Landlord for

alterations requested by Subtenant in accordance with Section 8 of this Sublease for any improvements required in order to comply with ADA.

11. INSURANCE.

A. Subtenant shall not do or suffer any act upon the Premises or bring into or keep upon the Premises any article which will affect the fire risk or increase the rate of fire insurance or other insurance on the Building. Subtenant shall comply with the rules and requirements of all boards of fire underwriters, rating bureaus, bureaus of fire prevention and like bodies, and with the requirements of all insurance companies having policies of any kind in effect covering the Building, including policies insuring against tort liability, and with the requirements of all companies which have at any time been requested to issue such policies. Should the rate of any type of insurance on the Building be increased by reason of any action or omission by Subtenant, Sublandlord, in addition to all other remedies, may pay the amount of such increase, and the amount so paid shall become due and payable on demand as additional rent. In no event shall any flammable materials, except for kinds and quantities required for ordinary office occupancy, or any explosives whatsoever be taken into the Premises and the Building or retained therein.

B. Subtenant shall carry and maintain, at its own expense, with insurance companies rated at least A-XII in Best's Insurance Guide, which are authorized to do business in Colorado and are acceptable to Sublandlord: (i) fire and extended coverage insurance covering Subtenant's improvements to the Premises (including vandalism, malicious mischief, water damage and sprinkler leakage coverage) in amounts equal to at least the lesser of actual replacement costs or eighty percent (80%) of the insurable value of the insurable portions thereof; (ii) commercial general liability and property damage coverage, including contractual liability and personal injury insurance applicable to the Premises in minimum limits of liability of \$5,000,000.00 combined single for bodily injury and property damage liability; and (iii) appropriate Workers' Compensation and Employer's Liability Insurance, with an insurance carrier licensed to do business in the State of Colorado, covering all persons employed by Subtenant or its contractors in connection with any work on or about the Premises and satisfying the Workers' Compensation Act of the State of Colorado, and (iv) Builder's Risk Insurance, with limits reasonably satisfactory to Sublandlord, relative to any improvements made to the Premises.

C. Insurance required to be maintained by Subtenant pursuant to Section 11 B of this Sublease shall name Sublandlord and Master Landlord as additional insureds, and all of the policies shall provide that no cancellation or substantial alteration thereof shall be effective until at least thirty (30) days after

receipt by Sublandlord of written notice thereof. All commercial general liability, property damage and other casualty policies shall be written as primary policies, not contributing to and not in addition to coverage that Sublandlord and Master Landlord may carry.

D. In the event either Sublandlord or Subtenant sustains a loss by reason of fire, lightning and/or extended coverage perils or other perils, the cause of which is covered by policies insuring the Premises maintained or required to be maintained under this Sublease by the party suffering such loss, then the party incurring such loss agrees to look solely to the insurance proceeds, if any, accruing from its own insurance and such party shall have no right of action against the other party to this Sublease or the agents, employees or representatives of such other party, and no third party (including an insurance carrier), shall have any such right by way of assignment, subrogation or otherwise. Sublandlord and Subtenant shall cause their respective insurance policies to be endorsed to prevent the invalidity of the policies due to the foregoing waivers.

E. Sublandlord covenants and agrees that Sublandlord will maintain in force and effect at all times during the term of this Sublease insurance required of Sublandlord under the terms of the Master Lease. Subtenant covenants and agrees that Subtenant will maintain in force at all times during the term of this Sublease insurance covering Subtenant's improvements as required by this Section of this Sublease. Sublandlord shall not be required to reinsure Subtenant's improvements.

F. Subtenant shall deliver to Sublandlord, prior to occupancy, and prior to the expiration or replacement, adequate certificates of insurance showing that insurance required by this Sublease is in full force and effect and an endorsement showing Sublandlord and Master Landlord as additional insureds as required by Section 11 of this Sublease.

12. NOTICE AND BILLS. Any bill, statement, notice, demand or other communication which either party may desire or be required to give shall be in writing and shall be given by personally delivering a copy thereof to the person specified below at the following address or by sending a copy thereof by certified or registered United States mail, postage prepaid, with return receipt requested, addressed as follows:

If to Subtenant:      TeleTech Teleservices, Inc.  
                            TeleTech Telecommunications, Inc.  
                            TeleTech Holdings, Inc.  
                            1700 Lincoln Street, Suite 1400  
                            Denver, Colorado 80203

Attention:      Joseph D. Livingston

If to Sublandlord: Norwest Bank Colorado,  
National Association  
1740 Broadway  
Denver, Colorado 80274-8607  
  
Attention: Property Manager  
(One Norwest Center)

If to Master Landlord:

Building Manager  
One Norwest Center  
1700 Lincoln, Suite 2500  
Denver, Colorado 80203  
  
1700 Lincoln Limited  
c/o Gerald D. Hines Interests  
2800 Post Oak Boulevard  
Houston, Texas 77056  
  
Attention: Gerald D. Hines

With copies to: Mr. Michael Topham  
Gerald D. Hines Interests  
440 Three First National Plaza  
Chicago, Illinois 60602

Mr. James A. Taylor  
Baker & Botts  
2001 Ross Avenue, Suite 800  
Dallas, Texas 75201

Mr. August E. Shouse  
Vinson & Elkins  
3300 First City Tower  
1001 Fannin  
Houston, Texas 77002  
Mr. John Moody  
ARICO America Realestate  
Investment Company  
c/o Deutsche Bank  
Capital Corporation  
31 West 52nd Street  
New York, New York 10019

Any communication given as herein provided shall be deemed given when personally delivered or when mailed. Each party shall have the right to designate a different address or a different person, or both, to which or to whom communications shall be sent or delivered, by written notice given as provided herein.



13. TERMINATION. Subtenant, upon termination of this Sublease upon the expiration of the term hereof or as herein otherwise provided, shall quit and surrender the Premises in good order, condition and repair, reasonable wear and tear excepted. Subtenant shall have no right to remain in possession of any or all of the Premises after expiration of the Term of Sublease set forth in Section 2; and if Subtenant wrongfully holds over, Subtenant shall be liable to Sublandlord for the Additional Rent plus an amount equal to three hundred percent (300%) of the Base Rent that would be payable with respect to the Premises if this Sublease were still in effect, plus any and all costs and damages incurred by Sublandlord by reason of any breach of the Master Lease occasioned by Subtenant's wrongful holding over, including, without limitation, any damages or claims for damages occasioned by third parties who are entitled to enter the Premises for the commencement of their tenant improvements or otherwise.

14. PROHIBITION OF THE USE OF SUBLANDLORD'S TRADE NAME.

A. Subtenant acknowledges and agrees that it will not use the name Norwest Bank Colorado, National Association, or any part thereof, or the Norwest Corporation logo used in connection therewith, as part of its business name or address or as part of its advertising, marketing or other sales brochures without the written permission of Sublandlord or Norwest Corporation, or its successors.

B. Subtenant acknowledges and understands that the name of the Building ("One Norwest Center") and the logo used in conjunction therewith are owned by Norwest Corporation and used by Master Landlord with the permission of Norwest Corporation. Subtenant agrees that it will not use said names or said logo nor incorporate any part thereof as a part of its business name, or as part of its advertising, marketing or other sales brochures without the written permission of Norwest Bank Colorado, National Association or Norwest Corporation, or its successors. Notwithstanding the foregoing, Subtenant shall be permitted to use the current or future name of the Building when referring to its business address. For example, Subtenant shall be permitted to use the following address:

TeleTech Teleservices, Inc.  
One Norwest Center, Suite 2100  
1700 Lincoln Street  
Denver, Colorado 80203

15. SIGNAGE. Subtenant agrees that during the term hereof, no signs may be placed on the Premises without the express written consent of Sublandlord, which shall not be unreasonably withheld; provided, however, that Sublandlord shall provide the standard Building signage at Subtenant's Premises and building directory permitted by the Master Lease.

16. PARKING.

A. Subtenant shall have the privilege to use one (1) nonreserved parking space for every 1,000 rentable square feet leased by Subtenant under this Sublease in the parking garage located at 1700 Sherman Street, Denver, Colorado, for the use of Subtenant and Subtenant's customers. At least 100 days prior to the date Subtenant desires to take any or all of the foregoing parking spaces, Subtenant shall advise Sublandlord in writing, how many parking spaces Subtenant desires to pay for and utilize. Subtenant shall be required to continue to retain and pay for each parking space taken for at least one (1) year after the date Subtenant takes such space. After the one year period has expired for each parking space, Subtenant may discontinue use of each space upon forty-five (45) days prior written notice to Sublandlord. Parking rates which are currently \$85.00 per month for unreserved parking and \$125.00 per month for reserved parking, are subject to change from time to time by the operator of the parking garage. Subtenant is solely responsible for the parking fee to be paid directly to the manager of the parking garage. Subtenant will comply in all respects with any rules and regulations that may be promulgated by the operator of the parking garage.

B. In the event any of the parking spaces covered by Section 16 A are not available due to condemnation, fire or other casualty, Sublandlord shall have no liability to Subtenant and Subtenant shall have no right to terminate this Sublease on account thereof.

17. RENEWAL OPTIONS. Subtenant shall have no option or right to renew this Sublease.

18. INDEMNIFICATION.

A. Subtenant shall indemnify Sublandlord, its agents, employees, officers and directors and save it harmless from and against any and all losses, claims, actions, damages, liability and expenses in connection with loss of life, personal injury and damage to property arising from any occurrence in or on the Premises or any part thereof occasioned wholly or in part by any act or omission of Subtenant, its agents, employees, contractors, licensees or invitees. In case Sublandlord shall, without fault on its part, be made a party to any litigation commenced by or against Subtenant, then Subtenant shall protect and hold Sublandlord harmless from, and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Sublandlord in connection with such litigation.

B. Subtenant shall neither hold nor attempt to hold Sublandlord liable for any injury or damage, either proximate or remote, occurring through or caused by any repairs (made by Master

Landlord or its agents, employees or contractors), injury or accident to the Premises, to adjacent premises or other parts of the Building not herein demised, or for any injury or damage occasioned by gas, smoke, rain, snow, wind, ice, hail, lightning, earthquake, war, civil disorder, strike, defective electrical wiring, power outages, or the breaking or stoppage of the plumbing or sewage upon or in the Building or adjacent premises, whether said breaking or stoppage results from freezing or otherwise unless such occurrences are caused in whole or in part by the gross negligence of Sublandlord, its employees, agents or contractors.

C. Subtenant shall indemnify and defend Sublandlord, and save it harmless from and against all losses, claims, actions, damages, liability and expenses in connection with any breach of the Master Lease arising as a result of any breach of this Sublease by Subtenant, and Sublandlord shall indemnify and defend Subtenant and save it harmless from and against all losses, claims, actions, damages, liability and expenses in connection with any breach of the Master Lease by Sublandlord.

D. Subtenant shall neither hold nor attempt to hold Sublandlord liable for Master Landlord's default of any of its covenants or obligations under the Master Lease, except to the extent such a default results in the breach of any of the covenants or obligations of Sublandlord under this Sublease.

E. In case Subtenant shall, without fault on its part, be made a party to any litigation commenced by or against Sublandlord, then Sublandlord shall protect and hold Subtenant harmless from, and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Subtenant in connection with such litigation.

19. ENVIRONMENTAL MATTERS. Subtenant, its agents, employees, and contractors shall use the Premises and conduct any operations thereon in compliance with all applicable federal, state and local environmental statutes, regulations, ordinances and any permits, approvals or judicial or administrative order issued thereunder. Subtenant hereby agrees to indemnify, defend and hold harmless Sublandlord and Master Landlord, their agents, affiliates, officers, directors and employees (all such entities and persons being referred to herein individually as "Indemnified Person" and collectively as the "Indemnified Parties") from and against any and all liability, claims, demands, actions and causes of action whatsoever (including without limitation reasonable attorneys' fees and expenses, and costs and expenses reasonably incurred in investigating, preparing or defending against any litigation or claim, action, suit, proceeding or demand of any kind or character) to which any Indemnified Person may be subject insofar as they arise out of or relate to any alleged contamination of the Premises arising from any violation of Subtenant's obligations under this Section. The obligations of Subtenant set forth in this Section of

this Sublease shall survive the expiration or termination of this Sublease or the exercise by Sublandlord or Master Landlord of any of its rights hereunder.

20. ATTORNEYS' FEES. If legal action shall be brought by either of the parties hereto for the unlawful detainer of the Premises, for the recovery of Rent due under the provisions of this Sublease, or because of the breach of any term, covenant or provision hereof, the party prevailing in said action (Subtenant or Sublandlord as the case may be) shall be entitled to recover from the party not prevailing costs of suit and reasonable attorneys' fees.

21. USE OF SMOKING AREA. Master Landlord prohibits smoking in the Building common areas and lobby. All costs to design and construct a smoking area in the Premises shall be incurred by Subtenant and must be approved by Sublandlord, Master Landlord and Master Landlord's Engineers.

22. BUILDING SECURITY. After-hours access to the Building will be by card key, to be provided at Subtenant's sole expense. Master Landlord currently provides security personnel within the Building on a twenty-four (24) basis.

23. OBLIGATIONS UNDER THE MASTER LEASE.

A. Subtenant shall conform to, and use the Premises in accordance with, all the terms, covenants and conditions of the Master Lease contained in Exhibit A, and will not by act or omission cause a violation of such terms, covenants and conditions. Subtenant shall perform all of the terms, covenants and conditions of the Master Lease contained in Exhibit A on the part of Sublandlord as Tenant thereunder to be performed (except for payment of the rent provided for in the Master Lease and except as otherwise modified hereunder) insofar as such terms, covenants and conditions relate to the Premises.

B. Except as provided herein, Subtenant shall be entitled to the rights of Sublandlord as Tenant under the Master Lease, insofar as the same relate to the Premises. Sublandlord shall have no liability by reason of any default by Master Landlord, except to the extent that such default results in a breach by Sublandlord of the covenants and obligations of Sublandlord hereunder.

24. SELF-HELP. If Subtenant shall default in the performance of any of its obligations under this Sublease or the Master Lease, Sublandlord, at its option, may perform such obligations and, if necessary, enter the Premises for such purposes. Subtenant shall pay to Sublandlord, within ten (10) days after demand, the amount of all reasonable and documented costs and expenses incurred by

Sublandlord in curing the default, including Sublandlord's reasonable attorneys' fees. If Sublandlord shall default in the performance of its obligations under this Sublease in accordance with Section 28 of this Sublease, then Subtenant shall be entitled to cure such default in accordance with such section, provided, however, to the extent Subtenant elects to cure the default by self-help, Subtenant's rights cannot exceed those that are permitted under the Master Lease.

25. RIGHTS OF ENTRY. Master Landlord and its agents shall retain, and Sublandlord and its agents shall assume, all of the rights of entry upon the Premises as set forth in Section 17.01 of the Master Lease, upon giving the Subtenant reasonable notice.

26. CONDEMNATION.

A. If, at any time during the term of the Sublease, all of the Premises shall be taken for any public or quasi-public purpose, the term of the Sublease shall cease upon the date upon which the Premises become unusable as a result of such taking (such date is referred to hereinafter as the "date of taking").

B. In the event that the Master Lease is terminated in accordance with the terms thereof by reason of any taking for any public or quasi-public purpose, the term of the Sublease shall cease upon the date of the termination of the Master Lease.

C. In the event that less than all, but more than twenty-five percent (25%), of the Net Rentable Area of the Premises shall be taken for any public or quasi-public purpose, or rendered unusable by reason thereof, then Subtenant, at its sole option, may terminate this Sublease as of the date of taking by giving written notice to Sublandlord within ten (10) days after the date of taking. In the event that twenty-five percent (25%) or less of the Net Rentable Area of the Premises shall be taken for any public or quasi-public purpose, or rendered unusable by reason thereof, then this Sublease shall remain in full force and effect with respect to the balance of the Premises not so taken or rendered unusable. In the event of any partial taking that does not give rise to a termination of this Sublease, the Rent shall be abated as to any portion of the Premises taken or rendered unusable, effective as of the date of taking, and there shall be excluded from the Premises from and after the date of taking any portions thereof so taken or rendered unusable, but otherwise the Sublease shall remain in full force and effect.

D. In the event of any complete or partial taking, Subtenant shall be entitled to receive a percentage of any lump sum condemnation award to which Sublandlord is entitled, in an amount equal to the ratio of the Net Rentable Area of the Premises so taken, divided by the Net Rentable Area of the total Sublandlord's Leasehold Premises (including the Premises) so taken.

27. DEFAULT BY SUBTENANT. The first paragraph in Section 13.01 of the Master Lease is not incorporated into this Sublease, provided, however, subparagraphs (a) and (b) of Section 13.01 are incorporated into and applicable to this Sublease and remain in full force and effect. The occurrence of any of the following shall entitle Sublandlord to pursue the remedies set forth in Article XIII of the Master Lease.

(a) failure to pay any installment of Rent when due, provided, however, in the event Subtenant shall fail to pay Rent as required in this Sublease, Sublandlord will give Subtenant written notice of such failure and Subtenant shall have two business days from the date such notice is given in accordance with Section 12 of this Sublease to pay such Rent, however, Subtenant will not be entitled to more than one (1) notice for default in payment of Rent during any calendar year, and if, within such calendar year after such notice, any Rent is not paid when due, an event of default will have occurred without further notice;

(b) failure to perform any obligation of Subtenant hereunder for a period of ten (10) days after written notice, except that if such obligation cannot reasonably be performed within such period, Subtenant shall not be in default if Subtenant shall commence such performance within such period and shall thereafter prosecute the same with diligence and continuity;

(c) breach of any condition or other provision prohibiting certain actions on Subtenant's part, if the effect of such breach shall not be entirely removed within ten (10) days after notice;

(d) the issuance of any attachments, execution or other process against Subtenant whereby the Premises shall be taken or occupied or attempted to be taken or occupied by someone other than Subtenant unless such process shall be discharged within fifteen (15) days;

(e) any assignment, mortgage or encumbrance of this Sublease not permitted hereunder or any subletting prohibited hereunder;

(f) Subtenant shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of Subtenant or of a substantial part of its assets, (ii) make a general assignment for the benefit of creditors, or (iii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization under any bankruptcy or insolvency law or an arrangement with creditors, or take advantage of any insolvency law or file and answer admitting the material allegations of a petition filed against Subtenant in any bankruptcy, reorganization or insolvency proceeding;

(g) an order, judgment or decree shall be entered, without the application, approval or consent of Subtenant, by any court approving a petition seeking reorganization of Subtenant under any bankruptcy or insolvency law or appointing a receiver, trustee or liquidator of Subtenant or of all or a substantial part of its assets, or adjudicating Subtenant a bankrupt or insolvent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty consecutive days; or

(h) Subtenant is dissolved as a corporation or ceases to be a corporation under the laws of the State of Colorado.

28. DEFAULT BY SUBLANDLORD. If Sublandlord should fail to materially perform or observe any covenant, term, provision or condition of this Sublease and such default should continue beyond a period of forty-five (45) calendar days (or such longer period as is reasonable necessary to remedy such default, provided Sublandlord shall reasonably and diligently pursue such remedy at all times until such default is cured) as the same may be extended by Excusable Delays, after (in each such case) written notice thereof is given by Subtenant to Sublandlord, then, in any such event, Subtenant shall have the right to use reasonable means to (i) cure such default, and Sublandlord shall reimburse Subtenant for all reasonable and documented sums expended in so curing said default, and (ii) to commence such actions at law or equity to which Tenant may be entitled.

29. DEPOSIT.

A. Subtenant will place in a form and content satisfactory to Sublandlord, as determined by Sublandlord in its sole discretion, committed funds in the amount of \$500,144.84 to be evidenced by a letter of credit naming Sublandlord as beneficiary, bank deposit, Treasury Note or Certificate of Deposit to reimburse Sublandlord for the payment made by Sublandlord of the Tenant Improvement Allowance. In furtherance of the foregoing, Subtenant agrees to execute such documents as Sublandlord may require. If Subtenant defaults in its payment of Rent or the performance of its other obligations under this Sublease and Sublandlord has delivered written notice of such default to Subtenant, Sublandlord may use all of the funds for the reimburse of Sublandlord for the Tenant Improvement Allowance. Sublandlord may, at any time after delivering written notice of a default to Subtenant, obtain possession of the funds described herein and apply such funds to the reimbursement of Sublandlord for the Tenant Improvement Allowance. The foregoing shall not be construed to be a limitation on Sublandlord's damages or other rights under this Sublease or Master Lease or a payment of liquidated damages.

B. So long as Subtenant is not in default under Section 27 of this Sublease or an event has occurred that with the passage of time would constitute an event of default under such section,

the following may occur; (i) to the extent a return is earned on the deposit referenced in Section 29A above, Subtenant may directly receive such funds, exclusive of any principal, (ii) except as set forth in subparagraph (iii) below, to the extent permitted under the instrument, Sublandlord, upon written request from Subtenant no earlier than forty-five (45) days prior to each anniversary of February 1, 1996, shall make available to Subtenant the sum of \$125,036.21 of the deposit referenced in Section 29A or if a letter of credit is issued, an amendment to the letter of credit decreasing Sublandlord's right to draw by an amount equal to \$125,036.21, and (iii) the last payment of the deposited funds shall be made to Subtenant within thirty (30) days after the end of the term of this Sublease. In no event shall the aggregate amount of deposited funds returned to Subtenant exceed \$500,144.84.

30. MONTH TO MONTH TENANCY.

A. Subtenant may convert this Sublease to a month-to-month tenancy subject to the following conditions: (i) Subtenant gives Sublandlord prior written notice, no earlier than October 1, 1999, nor later than December 1, 1999, electing to have this Sublease become a month-to-month tenancy commencing June 1, 2000; and (ii) Subtenant, at the time such written notice is given to Sublandlord and at anytime thereafter, Subtenant is not in default under the terms of Section 27 of this Sublease, nor an event has occurred that with the passage of time would constitute an event of default under such section.

B. If Subtenant complies with paragraph A above, the Sublease commencing on June 1, 2000, shall constitute a month-to-month tenancy, and, except as otherwise modified in this Section 30, this Sublease shall remain in full force and effect enforceable in accordance with its terms.

C. Either party may terminate the month-to-month tenancy upon delivering written notice to the other in accordance with this Sublease to that affect thirty (30) days in advance of the first day of any calendar month. Sublandlord or Subtenant may give notice to terminate the month-to-month tenancy before the commencement date of June 1, 2000, by giving such notice to the other party on or before May 1, 2000, in which case the month-to-month tenancy would terminate on June 30, 2000.

31. MISCELLANEOUS.

A. SUCCESSORS AND ASSIGNS. The covenants, conditions and agreements contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and their respective successors and assigns.

B. ENTIRE AGREEMENT. The entire contract of the parties is contained herein and all prior or contemporaneous negotiations,



agreements, representations and understandings, whether oral or written, are hereby superseded.

C. AMENDMENT AND MODIFICATION. This Sublease may be amended, altered or modified only by an instrument in writing signed by both parties to be bound thereby.

D. LAWS AND CONSTRUCTION. This Sublease shall be governed by and construed in accordance with the laws of the State of Colorado. If any provision of this Sublease is for any reason and to any extent, invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Sublease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

E. NO OFFER. This Sublease is submitted on the understanding that it will not be considered an offer and will not bind either party in any way until Subtenant has duly executed and delivered duplicate originals to Sublandlord, Sublandlord has executed and delivered one of such originals to Subtenant, and Master Landlord has consented to the terms hereof in writing.

F. NO CONSTRUCTION AGAINST DRAFTING PARTY. Sub-landlord and Subtenant acknowledge that each of them and their counsel have had an opportunity to review this Sublease and that this Sublease will not be construed against Sublandlord merely because Sublandlord has prepared it.

G. TIME OF THE ESSENCE. Time is of the essence of each and every provision of this Sublease.

H. ARBITRATION. Sublandlord and Subtenant hereby agree that if an arbitrable dispute arises under this Sublease, the matter shall, at the option of either Sublandlord or Subtenant, be submitted to arbitration in accordance with the procedures of Article XXIX of the Master Lease, provided that Master Landlord, if a necessary party, can be joined in such arbitration. The arbitrators shall have no power to change any of the provisions of this Sublease in any respect, nor shall they have any power to make an award of reformation, and the jurisdiction of the arbitrators is hereby expressly limited accordingly.

I. NO WAIVER. The waiver by either party of any breach by the other party of any agreement, condition or provision contained in this Sublease shall not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision contained in this Sublease, nor will any custom or practice which may arise between the parties in the administration of the terms of this Sublease be construed to waive or to lessen the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Sublease.

The subsequent acceptance of Rent by Sublandlord will not be deemed to be a waiver of any preceding breach by Subtenant of any agreement, condition or provision of this Sublease, other than the failure of the Subtenant to pay the particular Rent so accepted, regardless of Sublandlord's knowledge of such preceding breach at the time of acceptance of such Rent.

J. ESTOPPEL CERTIFICATES. At any time and from time to time, but within fifteen (15) days after prior written request by either party, the other party shall execute, acknowledge and deliver to the other, promptly upon request, a certificate certifying to the extent that it is true and accurate (1) that this Sublease is unmodified and in full force and effect or, if there have been modifications, that this Sublease is in full force and effect, as modified, and stating the date and nature of each modification; (2) the date, if any, to which Rent and other sums payable under this Sublease have been paid; (3) that no written notice of any default has been delivered to either party which default has not been cured, except as to defaults specifically specified in said certificate; (4) that there is no default known under the Sublease or an event known to the other party which, with notice or the passage of time, or both, would result in an event of default under this Sublease, except for defaults specifically specified in said certificate; and (5) such other matters as may be reasonably requested by the other party. Any such certificate may be relied upon by any prospective purchaser or existing or prospective mortgagee or beneficiary under any deed of trust of the Premises or the Building or any interest in the Building. Notwithstanding anything else to the contrary in this paragraph J, Subtenant may only request from and receive a written response relating to an estoppel certificate from Sublandlord one time during each calendar year.

K. NO MERGER. The voluntary or other surrender of this Sublease by Subtenant or the cancellation of this Sublease by mutual agreement of Subtenant and Sublandlord or the termination of this Sublease on account of Subtenant's default will not work a merger.

L. CONSENTS. Whenever Subtenant requests Sublandlord to take any action or give any consent or approval required or permitted under this Sublease, such action, consent or approval will not be unreasonably withheld, delayed or denied.

M. BROKER. Sublandlord and Subtenant respectively represent and warrant to each other that neither of them has consulted or negotiated with any broker or finder with regard to the Premises other than Grubb & Ellis. Sublandlord shall be responsible for paying the fee of Grubb & Ellis. Sublandlord and Subtenant will each indemnify the other against and hold the other

harmless from any claims for fees or commissions from anyone with whom either of them has consulted or negotiated with regard to the Premises except the above-named Broker.

N. AUTHORITY. Each party hereby represents to the other party that the party executing this Sublease on its behalf is authorized to do so by requisite action of the board of directors of such party, as applicable, and agrees upon request to deliver to the other party a resolution or similar document to that effect.

O. CAPTIONS. The captions of the various Sections of this Sublease are for convenience only and do not define, limit, describe or construe the contents of such Sections.

P. COUNTERPART. This Sublease may be executed in several counterparts and all such executed counterparts shall constitute one (1) agreement binding on all of the parties in spite of the fact that all of the parties have not signed the same counterpart.

Executed and delivered as of the date first written above.

SUBLANDLORD:

NORWEST BANK COLORADO,  
NATIONAL ASSOCIATION,  
a national banking association,  
successor in interest to  
Norwest Bank Denver, National  
Association, formerly known as  
United Bank of Denver National  
Association

By: /S/ KIRBY D. MARTIN  
-----  
Kirby D. Martin  
Vice President

(signatures continued on next page)

SUBTENANT:

TELETECH TELESERVICES, INC.,  
a Colorado corporation

By: /S/ JOSEPH D. LIVINGSTON  
-----  
Joseph D. Livingston  
Senior Vice President  
Chief Operating Officer

TELETECH TELECOMMUNICATIONS, INC.,  
a California corporation

By: /S/ JOSEPH D. LIVINGSTON  
-----  
Joseph D. Livingston  
Senior Vice President  
Chief Operating Officer

TELETECH HOLDING, INC.,  
a Delaware corporation

By: /S/ JOSEPH D. LIVINGSTON  
-----  
Joseph D. Livingston  
Senior Vice President  
Chief Operating Officer

STATE OF COLORADO )  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 5th day of October 1995, by Kirby D. Martin, as Vice President of Norwest Bank Colorado, National Association, a national banking association, on behalf of said association.

My commission expires: October 23, 1996

SEAL /S/ ANITA C. JONES  
-----  
Notary Public

(notaries continued on next page)

STATE OF COLORADO )  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 3rd day of October 1995, by Joseph D. Livingston as Chief Operating Officer of TeleTech Teleservices, Inc., a Colorado corporation, on behalf of said corporation.

My commission expires: 1/27/99

SEAL /S/ MARIANNE MARI  
-----  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1995, by \_\_\_\_\_ as \_\_\_\_\_ of TeleTech Holdings,, a Delaware corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_

SEAL \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1995, by \_\_\_\_\_ as \_\_\_\_\_ of TeleTech Telecommunications, Inc., a California corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_

SEAL \_\_\_\_\_  
Notary Public

EXHIBIT A

(Attached to and forming a part of Sublease,  
dated as of September 28, 1995, between  
Norwest Bank Colorado, National Association,  
as Sublandlord, and  
TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc.  
and TeleTech Holdings, Inc., as Subtenant)

MASTER LEASE

A true and correct copy of most of the provisions of the Master Lease as  
described in the Sublease is attached hereto.

EXHIBIT B

(Attached to and forming a part of Sublease,  
dated as of September 28, 1995, between  
Norwest Bank Colorado, National Association,  
as Sublandlord, and  
TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc.  
and TeleTech Holdings, Inc., as Subtenant)

DESCRIPTION OF PREMISES

Office space, encompassing approximately 23,144 rentable square feet  
located on the 21st Floor in the Building located at 1700 Lincoln Street,  
Denver, Colorado;

and, as more specifically detailed on the drawing of the Premises as  
attached.

CONSENT OF MASTER LANDLORD AND  
REAFFIRMATION OF TENANT AND SUBLANDLORD

The Master Landlord, having read the foregoing Sublease between Norwest Bank Colorado, National Association and TeleTech Teleservices, Inc., TeleTech Telecommunications, Inc., and TeleTech Holdings, Inc., hereby consents to such Sublease, subject to the following condition: both as Tenant and Sublandlord, by execution of this instrument, Sublandlord reaffirms its liability for prompt payment of all rent and performance of all other covenants and obligations of the Tenant as set forth in the Master Lease, and acknowledges that neither the Sublease, nor Master Landlord's consent thereto, shall release Sublandlord from any obligations to Master Landlord under the Master Lease.

Sublandlord agrees to indemnify and hold harmless Master Landlord from any and all claims or demands of, or liabilities to Subtenant, arising from or related to any actual or alleged breach of the Sublease by Subtenant, or from Subtenant's occupancy or use of the Premises.

MASTER LANDLORD:

1700 LINCOLN LIMITED, a  
Colorado limited partnership

By: Hines Colorado Limited,  
General Partner of  
1700 Lincoln Limited

By: Hines Colorado Corporation,  
a General Partner of  
Hines Colorado Limited

By: /S/ DAVID MCGINNIS

-----  
O. David McGinnis  
Vice President

SUBLANDLORD:

NORWEST BANK COLORADO, NATIONAL  
ASSOCIATION, successor in interest  
to NORWEST BANK DENVER, NATIONAL  
ASSOCIATION, a national banking  
association

By: /S/ KIRBY D. MARTIN

-----  
Kirby D. Martin  
Vice President



STATE OF COLORADO            )  
CITY AND                        ) ss.  
COUNTY OF DENVER            )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1995, by Kirby D. Martin as vice president of Norwest Bank Colorado, National Association, a national banking association, on behalf of said association.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF                        )  
                                  ) ss.  
COUNTY OF                    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1995, by \_\_\_\_\_ of 1700 Lincoln Limited, a Colorado limited partnership, on behalf of such partnership.

Witness my hand and official seal

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

SUBLEASE

Between

NORWEST BANK COLORADO, NATIONAL ASSOCIATION  
as Sublandlord

and

TELETECH TELECOMMUNICATIONS, INC. and  
TELETECH TELESERVICES, INC., AND  
TELETECH HOLDINGS, INC.  
together, as Subtenant

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## List of Exhibits - -----

Exhibit A: Master Lease  
Exhibit B: Description of Premises

# SUBLEASE

THIS SUBLEASE, dated as of September 28, 1995, is made between NORWEST BANK COLORADO, NATIONAL ASSOCIATION, a national banking association ("Sublandlord"), and TELETECH TELECOMMUNICATIONS, INC., a California corporation, and TELETECH TELESERVICES, INC., a Colorado corporation, and TELETECH HOLDINGS, INC., a Delaware corporation (together, "Subtenant").

## RECITALS:

A. United Bank of Denver National Association, a national banking association, as tenant, and 1700 Lincoln Limited, a Colorado limited partnership, as landlord ("Master Landlord"), entered into that certain Amended and Restated Lease Agreement dated December 30, 1988, as amended on April 20, 1989 and July 20, 1994 (together, the "Master Lease"). The Master Lease covers that certain office space (approximately 10,704 square feet of the total Net Rentable Area) on the 23rd level located at 1700 Lincoln Street, Denver, Colorado (the "Premises"), as more fully described in the Master Lease and on Exhibit B attached hereto and made a part hereof.

B. A true and correct copy of most of the provisions of the Master Lease is attached hereto as Exhibit A and made a part hereof. Sublandlord hereby represents and warrants that those provisions which have been deleted from the Master Lease do not and could not have any effect materially adverse to the rights or obligations of Subtenant or the obligations of Sublandlord under this Sublease.

C. Norwest Bank Colorado, National Association is successor in interest to Norwest Bank Denver, National Association, formerly known as United Bank of Denver National Association.

D. Subtenant desires to sublet the Premises and Sublandlord is willing to sublet the Premises to Subtenant.

E. The consent of Master Landlord under the Master Lease is required for this Sublease.

F. The capitalized terms used herein that are not defined herein but are defined in the Master Lease shall have the meanings ascribed thereto in the Master Lease.

## AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions of this Sublease, the parties agree as follows:

1. SUBLEASE OF PREMISES. Sublandlord hereby subleases the Premises to Subtenant, and Subtenant hereby takes and subleases the Premises from Sublandlord.

2. TERM OF SUBLEASE.

A. The term of this Sublease shall commence at midnight on October 1, 1995, and shall continue from month to month thereafter until canceled, unless sooner terminated as otherwise provided in this Sublease or the Master Lease. Either party hereto may cancel this Sublease by giving to the other party written notice of its election to cancel this Sublease no less than thirty (30) calendar days prior to the date on which cancellation is to be effective.

B. If for any reason the Premises are not available for occupancy on the commencement date specified above, Sublandlord shall not be liable or responsible for any claims, damages or liabilities in connection therewith or by reason thereof. In such event, the term of this Sublease shall commence at the time that the Premises are available for occupancy by Tenant.

3. RENT.

A. BASE RENT.

(1) Subject to paragraph (2) below, Subtenant covenants and agrees to pay Sublandlord as Base Rent the sum of \$4,715.96 per month calculated as follows: 5,912 Net Rentable Square feet at \$9.21 per square foot and 357 Net Rentable Square feet at \$6.00 per square foot. Subject to the terms and conditions contained in this Sublease, Subtenant may have access to 4,435 Net Rentable Square Feet known as the law library on the twenty-third floor of One Norwest Center for the construction of tenant improvements. At such time as Subtenant occupies the premises known as the law library, Subtenant shall pay to Sublandlord the sum of \$3,403.86 per month prorated at the rate of \$113.46 per day from the date of occupancy through the end of such month. Thereafter, as part of the Base Rent and in accordance with this subparagraph (1), Subtenant shall pay the sum of \$3,403.86 per month calculated as follows: 4,435 Net Rentable Square Feet at \$9.21 per square foot. For the purpose of this subparagraph (1), "occupancy" shall mean the transaction or solicitation of any business by telephone or otherwise with the general public, or the use of the premises by any employee of Subtenant. The total aggregate Base Rent of the Premises when the law library is occupied is \$8,119.82 per month.

All monthly payments shall be due and payable on the first day of each calendar month during the term of this Sublease. All Base Rent due hereunder shall be prorated for any fractional

calendar month at the beginning and end of the term of this Sublease. All Base Rent and any Additional Base Rent as hereinafter defined (together, "Rent") shall be paid without notice, demand, offset or deduction, in lawful money of the United States of America at the address of Sublandlord as set forth hereinafter or at such other place as Sublandlord may from time to time designate in writing.

(2) The following modification is for the purpose of adjusting the Base Rent and for no other purpose. Commencing on December 1, 1995, Subtenant covenants and agrees to pay Sublandlord in accordance with the terms and conditions contained in this Sublease as Base Rent the sum of \$11,172.19 per month calculated as follows: 10,347 Net Rentable Square feet at \$12.75 and 357 Net Rentable Square feet at \$6.00 per square foot.

(3) It is agreed between Sublandlord and Subtenant that any monthly installment, or proration thereof, of Rent which shall not be paid by the tenth (10th) day of each month, or any other payment required to be made by Subtenant and not made when due, shall bear interest at the rate in effect from time to time equal to four percentage points (4%) above the prime rate of interest charged by Norwest Bank Colorado, National Association or its successors, effective the day of any change from the date when the same became due and payable by the terms hereof. "Prime Rate" shall mean the rate of interest announced to the general public by Norwest Bank Colorado, National Association or its successor as its "prime" rate or "base" rate.

(4) If Subtenant fails to pay any monthly rent or additional rent on the date they are due and payable, the unpaid amounts will be subject to a late payment charge equal to six percent (6%) of the unpaid amounts. This late payment charge is intended to compensate Sublandlord for its additional administrative costs resulting from Subtenant's failure, and has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs that will be incurred by Sublandlord as a result of Subtenant's failure. The actual cost in each instance is extremely difficult, if not impossible, to determine. This late payment charge will constitute liquidated damages and will be paid to Sublandlord together with such unpaid amounts. The payment of this late payment charge will not constitute a waiver by Sublandlord of any default by Subtenant under this Sublease.

B. ADDITIONAL RENT. In addition to Base Rent, Subtenant shall, upon demand, pay to Sublandlord "Additional Rent," any amounts set forth in this Sublease in addition to Base Rent, including, without limitation, building access

cards and monitoring, overtime HVAC charges for services provided during other than normal business hours, extra janitorial services, and light bulbs and labor.

4. USE. Subtenant shall use the Premises only for providing telemarketing services and for no other purposes. Subtenant shall conduct its use of the Premises only in a manner which is consistent with the terms of the Master Lease and the rules of the Building described in Section 23.01 of the Master Lease, as the same may be amended in accordance with the Master Lease. Any approvals required for use of the Premises by Subtenant under the Master Lease must be made by both Master Landlord and Sublandlord. Subtenant shall not exceed the designed floor load limit of 50 pounds per square foot.

5. CONDITION OF PREMISES.

A. Subtenant accepts the Premises in its present "as is" condition. Subtenant, at Subtenant's own expense, shall keep the Premises in good order, condition and repair, including all fixtures and equipment installed by Subtenant.

B. Except as specifically set forth in this Sublease, Subtenant acknowledges that neither Master Landlord nor Sublandlord nor their agents or employees have made any representations or warranties as to the suitability or fitness of the Premises for the conduct of Subtenant's business or for any other purpose, nor has Master Landlord or Sublandlord or their agents or employees agreed to make any tenant improvements to the Premises.

6. ASSIGNMENT AND SUBLETTING. Subtenant shall not assign, mortgage or encumber this Sublease or any interest herein or sublet all or any part of the Premises or permit the Premises or any part thereof to be used by others (any and all of which hereinafter shall be referred to as a "transfer"), without the prior written consent of Sublandlord and Master Landlord. Any attempted transfer without Sublandlord's prior written consent shall be void and shall confer no rights upon any third person and shall be a default of Subtenant under this Sublease.

7. ALTERATIONS. Subtenant covenants and agrees not to improve, alter, add to, remove or demolish any improvements on the Premises, or use any contractors or workmen to make alterations, without the prior written consent of Sublandlord, subject, however, to the terms and provisions of the Master Lease. All preliminary and final construction drawings, construction timetables/schedules and general/sub-contractors must be approved by Sublandlord (which consent shall not be unreasonably withheld) and Master Landlord before any such construction may commence. All tenant improvements that will involve mechanical and electrical engineering and structural

changes must be approved by Master Landlord's Building engineers or other engineers selected by Master Landlord (together, "Master Landlord's Engineers"). The current mechanical and electrical Building Engineer is I. A. Naman, Houston, Texas. After approval of the construction drawings and the construction timetables/schedules, any material changes to such drawings, timetables or schedules must be reviewed and approved by Sublandlord and Master Landlord prior to the occurrence of such changes. Subtenant specifically agrees not to (i) begin construction of any kind in the law library until the plans and specifications have been approved by the aforementioned parties, and (ii) occupy the law library until the improvements have been completed in conformity with plans and specifications as approved and inspected by I. A. Naman. Finally, Subtenant understands that by I. A. Naman approving the plans and specifications that I. A. Naman may require additional work to be completed related to Subtenant's tenant improvements. Subtenant agrees to comply with any requirements and complete the work described therein required by I. A. Naman.

8. HEATING, VENTILATING AND AIR CONDITIONING. The Building hours of operation shall be as provided in the Master Lease which currently are 7:00 a.m. to 6:00 p.m., Monday through Friday, and 7:00 a.m. to 1:00 p.m. on Saturday. Services which the Master Lease provides shall be furnished only during normal business hours, and shall at times other than those described herein, be furnished only upon request by Subtenant to Master Landlord. Subtenant shall bear the after-hour usage at a rate of Twenty-Five Dollars (\$25.00) per hour per zone and shall pay Master Landlord, upon demand, directly at the address set forth hereinafter or such other place as Master Landlord or Sublandlord may from time to time designate in writing. The only services to which Subtenant is entitled are those to which Sublandlord is entitled as Tenant under the Master Lease.

9. LEASE TERMS APPLY.

A. This Sublease is subject and subordinate to the Master Lease, except to the extent the Master Lease may be inconsistent with the terms hereof, in which case the terms of this Sublease shall govern. All of the terms, covenants and conditions of the Master Lease except for Articles II, III, IV, VI, X, XI, XVI, XXI, XXII, XXVI, XXVIII, XXX, and Sections 7.01, 7.03, 7.04, 7.05, 12.02, 13.01 (first paragraph), 13.03, 14.02, 15.02, 18.02, 18.03, and 27.01(g) shall be applicable to and incorporated into this Sublease as if Sublandlord were the "Landlord" under the Master Lease and Subtenant were the "Tenant" thereunder, subject to the modifications set forth in Section 10B. below and elsewhere herein. With respect to the Premises, Subtenant hereby assumes and agrees to perform and observe all covenants and obligations of Sublandlord as Tenant under the Master Lease, except to the extent the Master Lease



may be inconsistent with the terms hereof, in which case the terms of this Sublease shall govern, and except for Articles II, III, IV, VI, X, XI, XVI, XXI, XXII, XXVI, XXVIII, XXX, and Sections 7.01, 7.03, 7.04, 7.05, 12.02, 13.01 (first paragraph), 13.03, 14.02, 15.02, 18.02, 18.03, and 27.01(g).

B. The following modifications are made to the Articles and Sections of the Master Lease that are incorporated into this Sublease:

(1) Section 8.01: Master Landlord retains all obligations to make repairs and perform any necessary maintenance, repairs, refurbishing, and replacement, both to the Building and the Premises to the extent required by the Master Lease; provided, however, that upon notification by Subtenant to Sublandlord of the need for any such maintenance, repairs, refurbishing or replacement, Sublandlord shall forthwith notify Master Landlord of the same.

(2) Section 9.01: Subtenant acknowledges that Master Landlord has sole responsibility for the repair or rebuilding of the Premises caused by any damage or destruction, and for making the determination if there is "Qualified Damage" (as defined in Article IX) so as not to rebuild.

C. Subtenant acknowledges that Master Landlord retains all of its rights and remedies under the Master Lease with respect to the Premises to the same extent as it would have if the Sublease did not exist. Subtenant hereby acknowledges that it has received a copy of, has read and is familiar with the Master Lease, in the form attached hereto as EXHIBIT A.

D. Sublandlord, unless otherwise stated herein, has the same rights as Master Landlord under the Master Lease to enforce obligations and covenants with respect to the Premises, except to the extent waived by Master Landlord.

E. Subtenant agrees, in addition to any other requirements contained in the Master Lease or this Sublease, that the Premises will be in compliance with the Americans with Disabilities Act of 1990, as amended from time to time (together, "ADA"), and with any other governmental rules, regulations or laws applicable to Subtenant's work and working conditions within the Premises, except to the extent written consent has been unreasonably denied by Sublandlord or Master Landlord for alterations requested by Subtenant in accordance with Section 8 of this Sublease for any improvements required in order to comply with ADA.

10. INSURANCE.

A. Subtenant shall not do or suffer any act upon the Premises or bring into or keep upon the Premises any article which will affect the fire risk or increase the rate of fire insurance or other insurance on the Building. Subtenant shall comply with the rules and requirements of all boards of fire underwriters, rating bureaus, bureaus of fire prevention and like bodies, and with the requirements of all insurance companies having policies of any kind in effect covering the Building, including policies insuring against tort liability, and with the requirements of all companies which have at any time been requested to issue such policies. Should the rate of any type of insurance on the Building be increased by reason of any action or omission by Subtenant, Sublandlord, in addition to all other remedies, may pay the amount of such increase, and the amount so paid shall become due and payable on demand as additional rent. In no event shall any flammable materials, except for kinds and quantities required for ordinary office occupancy, or any explosives whatsoever be taken into the Premises and the Building or retained therein.

B. Subtenant shall carry and maintain, at its own expense, with insurance companies rated at least A-XII in Best's Insurance Guide, which are authorized to do business in Colorado and are acceptable to Sublandlord: (i) fire and extended coverage insurance covering Subtenant's improvements to the Premises (including vandalism, malicious mischief, water damage and sprinkler leakage coverage) in amounts equal to at least the lesser of actual replacement costs or eighty percent (80%) of the insurable value of the insurable portions thereof; (ii) commercial general liability and property damage coverage, including contractual liability and personal injury insurance applicable to the Premises in minimum limits of liability of \$5,000,000.00 combined single for bodily injury and property damage liability; and (iii) appropriate Workers' Compensation and Employer's Liability Insurance, with an insurance carrier licensed to do business in the State of Colorado, covering all persons employed by Subtenant or its contractors in connection with any work on or about the Premises and satisfying the Workers' Compensation Act of the State of Colorado, and (iv) Builder's Risk Insurance, with limits reasonably satisfactory to Sublandlord, relative to any improvements made to the Premises.

C. Insurance required to be maintained by Subtenant pursuant to Section 11 B of this Sublease shall name Sublandlord and Master Landlord as additional insureds, and all of the policies shall provide that no cancellation or substantial alteration thereof shall be effective until at least thirty (30) days after receipt by Sublandlord of written notice thereof. All commercial general liability, property damage and other casualty policies shall be written as primary

policies, not contributing to and not in addition to coverage that Sublandlord and Master Landlord may carry.

D. In the event either Sublandlord or Subtenant sustains a loss by reason of fire, lightning and/or extended coverage perils or other perils, the cause of which is covered by policies insuring the Premises maintained or required to be maintained under this Sublease by the party suffering such loss, then the party incurring such loss agrees to look solely to the insurance proceeds, if any, accruing from its own insurance and such party shall have no right of action against the other party to this Sublease or the agents, employees or representatives of such other party, and no third party (including an insurance carrier), shall have any such right by way of assignment, subrogation or otherwise. Sublandlord and Subtenant shall cause their respective insurance policies to be endorsed to prevent the invalidity of the policies due to the foregoing waivers.

E. Sublandlord covenants and agrees that Sublandlord will maintain in force and effect at all times during the term of this Sublease insurance required of Sublandlord under the terms of the Master Lease. Subtenant covenants and agrees that Subtenant will maintain in force at all times during the term of this Sublease insurance covering Subtenant's improvements as required by this Section of this Sublease. Sublandlord shall not be required to reinsure Subtenant's improvements.

F. Subtenant shall deliver to Sublandlord, prior to occupancy, and prior to the expiration or replacement, adequate certificates of insurance showing that insurance required by this Sublease is in full force and effect and an endorsement showing Sublandlord and Master Landlord as additional insureds as required by Section 11 of this Sublease.

11. NOTICE AND BILLS. Any bill, statement, notice, demand or other communication which either party may desire or be required to give shall be in writing and shall be given by personally delivering a copy thereof to the person specified below at the following address or by sending a copy thereof by certified or registered United States mail, postage prepaid, with return receipt requested, addressed as follows:

If to Subtenant:     TeleTech Teleservices, Inc.  
                          TeleTech Telecommunications, Inc.  
                          TeleTech Holdings, Inc.  
                          1700 Lincoln Street, Suite 1400  
                          Denver, Colorado 80203  
                          Attention:   Joseph D. Livingston

If to Sublandlord: Norwest Bank Colorado,  
National Association  
1740 Broadway  
Denver, Colorado 80274-8607  
Attention: Property Manager  
(One Norwest)

If to Master Landlord:  
Building Manager  
One Norwest Center  
1700 Lincoln, Suite 2500  
Denver, Colorado 80203  
  
1700 Lincoln Limited  
c/o Gerald D. Hines Interests  
2800 Post Oak Boulevard  
Houston, Texas 77056  
  
Attention: Gerald D. Hines

With copies to: Mr. Michael Topham  
Gerald D. Hines Interests  
440 Three First National Plaza  
Chicago, Illinois 60602

Mr. James A. Taylor  
Baker & Botts  
2001 Ross Avenue, Suite 800  
Dallas, Texas 75201

Mr. August E. Shouse  
Vinson & Elkins  
3300 First City Tower  
1001 Fannin  
Houston, Texas 77002

Mr. John Moody  
ARICO America Realestate  
Investment Company  
c/o Deutsche Bank  
Capital Corporation  
31 West 52nd Street  
New York, New York 10019

Any communication given as herein provided shall be deemed given when personally delivered or when mailed. Each party shall have the right to designate a different address or a different person, or both, to which or to whom communications shall be sent or delivered, by written notice given as provided herein.

12. TERMINATION. Subtenant, upon termination of this Sublease or upon the expiration of the term hereof or as herein otherwise provided, shall quit and surrender the

Premises in good order, broom clean, condition and repair, reasonable wear and tear excepted and Subtenant shall repair any damage to the Premises. Subtenant shall have no right to remain in possession of any or all of the Premises after expiration of the Sublease term; and if Subtenant wrongfully holds over, Subtenant shall be liable to Sublandlord as set forth below:

(1) If Subtenant and Sublandlord have previously entered into a Sublease for the twenty-first floor located in One Norwest Center, Subtenant shall be liable to Sublandlord for an amount equal to the Additional Rent plus the Base Rent that would be payable with respect to the Premises if this Sublease were still in effect, plus any and all costs and damages incurred by Sublandlord occasioned by Subtenant's wrongful holding over, including, without limitation, any damages or claims for damages occasioned by third parties who are entitled to enter the Premises for the commencement of their tenant improvements or otherwise.

(2) If Subtenant and Sublandlord have not previously entered into a Sublease for the twenty-first floor located in One Norwest Center, Subtenant shall be liable to Sublandlord for the Additional Rent plus an amount equal to three hundred percent (300%) of the Base Rent that would be payable with respect to the Premises if this Sublease were still in effect, plus any and all costs and damages incurred by Sublandlord occasioned by Subtenant's wrongful holding over, including, without limitation, any damages or claims for damages occasioned by third parties who are entitled to enter the Premises for the commencement of their tenant improvements or otherwise.

13. PROHIBITION OF THE USE OF SUBLANDLORD'S TRADE NAME.

A. Subtenant acknowledges and agrees that it will not use the name Norwest Bank Colorado, National Association, or any part thereof, or the Norwest Corporation logo used in connection therewith, as part of its business name or address or as part of its advertising, marketing or other sales brochures without the written permission of Sublandlord or Norwest Corporation, or their successors.

B. Subtenant acknowledges and understands that the name of the Building ("One Norwest Center") and the logo used in conjunction therewith are owned by Norwest Corporation and used by Master Landlord with the permission of Norwest Corporation. Subtenant agrees that it will not use said names or said logo nor incorporate any part thereof as a part of its business name, or as part of its advertising, marketing or other sales brochures without the written permission of Norwest Bank Colorado, National Association or Norwest Corporation, or their successors. Notwithstanding the foregoing, Subtenant shall be permitted to use the current or

future name of the Building when referring to its business address. For example, Subtenant shall be permitted to use the following address:

TeleTech Telecommunications, Inc.  
One Norwest Center, Suite 2300  
1700 Lincoln Street  
Denver, Colorado 80203

14. SIGNAGE. Subtenant agrees that during the term hereof, no signs may be placed on the Premises without the express written consent of Sublandlord; provided, however, that Sublandlord shall provide the standard Building signage at Subtenant's Premises and building directory permitted by the Master Lease.

15. PARKING. Subtenant has no parking rights under this Sublease or the Master Lease.

16. RENEWAL OPTIONS. This is a month to month lease and subtenant shall have no option or right to renew this Sublease.

17. INDEMNIFICATION.

A. Subtenant shall indemnify Sublandlord, its agents, employees, officers and directors and save it harmless from and against any and all losses, claims, actions, damages, liability and expenses in connection with loss of life, personal injury and damage to property arising from any occurrence in or on the Premises or any part thereof occasioned wholly or in part by any act or omission of Subtenant, its agents, employees, contractors, licensees or invitees. In case Sublandlord shall, without fault on its part, be made a party to any litigation commenced by or against Subtenant, then Subtenant shall protect and hold Sublandlord harmless from, and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Sublandlord in connection with such litigation.

B. Subtenant shall neither hold nor attempt to hold Sublandlord liable for any injury or damage, either proximate or remote, occurring through or caused by any repairs (made by Master Landlord or its agents, employees or contractors), injury or accident to the Premises, to adjacent premises or other parts of the Building not herein demised, or for any injury or damage occasioned by gas, smoke, rain, snow, wind, ice, hail, lightning, earthquake, war, civil disorder, strike, defective electrical wiring, power outages, or the breaking or stoppage of the plumbing or sewage upon or in the Building or adjacent premises, whether said breaking or stoppage results from freezing or otherwise unless such

occurrences are caused in whole or in part by the gross negligence of Sublandlord, its employees, agents or contractors.

C. Subtenant shall indemnify and defend Sublandlord, and save it harmless from and against all losses, claims, actions, damages, liability and expenses in connection with any breach of the Master Lease arising as a result of any breach of this Sublease by Subtenant, and Sublandlord shall indemnify and defend Subtenant and save it harmless from and against all losses, claims, actions, damages, liability and expenses in connection with any breach of the Master Lease by Sublandlord.

D. Subtenant shall neither hold nor attempt to hold Sublandlord liable for Master Landlord's default of any of its covenants or obligations under the Master Lease, except to the extent such a default results in the breach of any of the covenants or obligations of Sublandlord under this Sublease.

E. In case Subtenant shall, without fault on its part, be made a party to any litigation commenced by or against Sublandlord, then Sublandlord shall protect and hold Subtenant harmless from, and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Subtenant in connection with such litigation.

18. ENVIRONMENTAL MATTERS. Subtenant, its agents, employees, and contractors shall use the Premises and conduct any operations thereon in compliance with all applicable federal, state and local environmental statutes, regulations, ordinances and any permits, approvals or judicial or administrative order issued thereunder. Subtenant hereby agrees to indemnify, defend and hold harmless Sublandlord and Master Landlord, their agents, affiliates, officers, directors and employees (all such entities and persons being referred to herein individually as "Indemnified Person" and collectively as the "Indemnified Parties") from and against any and all liability, claims, demands, actions and causes of action whatsoever (including without limitation reasonable attorneys' fees and expenses, and costs and expenses reasonably incurred in investigating, preparing or defending against any litigation or claim, action, suit, proceeding or demand of any kind or character) to which any Indemnified Person may be subject insofar as they arise out of or relate to any alleged contamination of the Premises arising from any violation of Subtenant's obligations under this Section. The obligations of Subtenant set forth in this Section of this Sublease shall survive the expiration or termination of this Sublease or the exercise by Sublandlord or Master Landlord of any of its rights hereunder.

19. ATTORNEYS' FEES. If legal action shall be brought by either of the parties hereto for the unlawful detainer of the Premises, for the recovery of Rent due under the provisions of this Sublease, or because of the breach of any term, covenant or provision hereof, the party prevailing in said action (Subtenant or Sublandlord as the case may be) shall be entitled to recover from the party not prevailing costs of suit and reasonable attorneys' fees.

20. USE OF SMOKING AREA. Master Landlord prohibits smoking in the Building common areas and lobby. All costs to design and construct a smoking area in the Premises shall be incurred by Subtenant and must be approved by Sublandlord, Master Landlord and Master Landlord's Engineers.

21. BUILDING SECURITY. After-hours access to the Building will be by card key, to be provided at Subtenant's sole expense.

22. OBLIGATIONS UNDER THE MASTER LEASE.

A. Subtenant shall conform to, and use the Premises in accordance with, all the terms, covenants and conditions of the Master Lease contained in Exhibit A, and will not by act or omission cause a violation of such terms, covenants and conditions. Subtenant shall perform all of the terms, covenants and conditions of the Master Lease contained in Exhibit A on the part of Sublandlord as Tenant thereunder to be performed (except for payment of the rent provided for in the Master Lease and except as otherwise modified hereunder) insofar as such terms, covenants and conditions relate to the Premises.

B. Except as provided herein, Subtenant shall be entitled to the rights of Sublandlord as Tenant under the Master Lease, insofar as the same relate to the Premises. Sublandlord shall have no liability by reason of any default by Master Landlord, except to the extent that such default results in a breach by Sublandlord of the covenants and obligations of Sublandlord hereunder.

23. SELF-HELP. If Subtenant shall default in the performance of any of its obligations under this Sublease or the Master Lease, Sublandlord, at its option, may perform such obligations and, if necessary, enter the Premises for such purposes. Subtenant shall pay to Sublandlord, within ten (10) days after demand, the amount of all reasonable and documented costs and expenses incurred by Sublandlord in curing the default, including Sublandlord's reasonable attorneys' fees.

24. RIGHTS OF ENTRY. Master Landlord and its agents shall retain, and Sublandlord and its agents shall assume, all of the rights of entry upon the Premises as set forth in



Section 17.01 of the Master Lease, upon giving the Subtenant reasonable notice.

25. CONDEMNATION.

A. If, at any time during the term of the Sublease, all of the Premises shall be taken for any public or quasi-public purpose, the term of the Sublease shall cease upon the date upon which the Premises become unusable as a result of such taking (such date is referred to hereinafter as the "date of taking").

B. In the event that the Master Lease is terminated in accordance with the terms thereof by reason of any taking for any public or quasi-public purpose, the term of the Sublease shall cease upon the date of the termination of the Master Lease.

C. In the event of any complete or partial taking, Subtenant shall not be entitled to receive a percentage of any lump sum condemnation award to which Sublandlord is entitled.

26. DEFAULT BY SUBTENANT. The first paragraph in Section 13.01 of the Master Lease is not incorporated into this Sublease, provided, however, subparagraphs (a) and (b) of Section 13.01 are incorporated into and applicable to this Sublease and remain in full force and effect. The occurrence of any of the following shall entitle Sublandlord to pursue the remedies set forth in Article XIII of the Master Lease.

(a) failure to pay any installment of Rent when due, provided, however, Sublandlord shall provide written notice to Subtenant of such failure and Subtenant shall have two business days from delivery of such notice to cure the default;

(b) failure to perform any obligation of Subtenant hereunder for a period of ten (10) days after written notice, except that if such obligation cannot reasonably be performed within such period, Subtenant shall not be in default if Subtenant shall commence such performance within such period and shall thereafter prosecute the same with diligence and continuity;

(c) breach of any condition or other provision prohibiting certain actions on Subtenant's part, if the effect of such breach shall not be entirely removed within ten (10) days after notice;

(d) the issuance of any attachments, execution or other process against Subtenant whereby the Premises shall be taken or occupied or attempted to be taken or occupied by someone other than Subtenant unless such process shall be discharged within fifteen (15) days;

(e) any assignment, mortgage or encumbrance of this Sublease not permitted hereunder or any subletting prohibited hereunder;

(f) Subtenant shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of Subtenant or of a substantial part of its assets, (ii) make a general assignment for the benefit of creditors, or (iii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization under any bankruptcy or insolvency law or an arrangement with creditors, or take advantage of any insolvency law or file and answer admitting the material allegations of a petition filed against Subtenant in any bankruptcy, reorganization or insolvency proceeding;

(g) an order, judgment or decree shall be entered, without the application, approval or consent of Subtenant, by any court approving a petition seeking reorganization of Subtenant under any bankruptcy or insolvency law or appointing a receiver, trustee or liquidator of Subtenant or of all or a substantial part of its assets, or adjudicating Subtenant a bankrupt or insolvent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty consecutive days; or

(h) Subtenant is dissolved as a corporation or ceases to be a corporation under the laws of the State of Colorado or California, as applicable.

27. DEFAULT BY SUBLANDLORD. If Sublandlord should fail to materially perform or observe any covenant, term, provision or condition of this Sublease and such default should continue beyond a period of forty-five (45) calendar days (or such longer period as is reasonable necessary to remedy such default, provided Sublandlord shall reasonably and diligently pursue such remedy at all times until such default is cured) as the same may be extended by Excusable Delays, after (in each such case) written notice thereof is given by Subtenant to Sublandlord, then, in any such event, Subtenant shall have the right to terminate this Sublease immediately, without any further liability to Sublandlord and Subtenant.

#### 28. MISCELLANEOUS.

A. SUCCESSORS AND ASSIGNS. The covenants, conditions and agreements contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and their respective successors and assigns.

B. ENTIRE AGREEMENT. The entire contract of the parties is contained herein and all prior or contemporaneous negotiations, agreements, representations and understandings, whether oral or written, are hereby superseded.

C. AMENDMENT AND MODIFICATION. This Sublease may be amended, altered or modified only by an instrument in writing signed by both parties to be bound thereby.

D. LAWS AND CONSTRUCTION. This Sublease shall be governed by and construed in accordance with the laws of the State of Colorado. If any provision of this Sublease is for any reason and to any extent, invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Sublease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

E. NO OFFER. This Sublease is submitted on the understanding that it will not be considered an offer and will not bind either party in any way until Subtenant has duly executed and delivered duplicate originals to Sublandlord, Sublandlord has executed and delivered one of such originals to Subtenant, and Master Landlord has consented to the terms hereof in writing.

F. NO CONSTRUCTION AGAINST DRAFTING PARTY. Sub-landlord and Subtenant acknowledge that each of them and their counsel have had an opportunity to review this Sublease and that this Sublease will not be construed against Sublandlord merely because Sublandlord has prepared it.

G. TIME OF THE ESSENCE. Time is of the essence of each and every provision of this Sublease.

H. ARBITRATION. Sublandlord and Subtenant hereby agree that if an arbitrable dispute arises under this Sublease, the matter shall, at the option of either Sublandlord or Subtenant, be submitted to arbitration in accordance with the procedures of Article XXIX of the Master Lease, provided that Master Landlord, if a necessary party, can be joined in such arbitration. The arbitrators shall have no power to change any of the provisions of this Sublease in any respect, nor shall they have any power to make an award of reformation, and the jurisdiction of the arbitrators is hereby expressly limited accordingly.

I. NO WAIVER. The waiver by either party of any breach by the other party of any agreement, condition or provision contained in this Sublease shall not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision contained in this Sublease, nor will any custom or practice which may arise between the parties in the administration of the terms of this Sublease be construed to waive or to lessen the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Sublease. The subsequent acceptance of Rent by Sublandlord will not be deemed to be a

waiver of any preceding breach by Subtenant of any agreement, condition or provision of this Sublease, other than the failure of the Subtenant to pay the particular Rent so accepted, regardless of Sublandlord's knowledge of such preceding breach at the time of acceptance of such Rent.

J. ESTOPPEL CERTIFICATES. At any time and from time to time, but within ten (10) days after prior written request by Sublandlord, Subtenant shall execute, acknowledge and deliver to Sublandlord, promptly upon request, a certificate certifying (1) that this Sublease is unmodified and in full force and effect or, if there have been modifications, that this Sublease is in full force and effect, as modified, and stating the date and nature of each modification; (2) the date, if any, to which Rent and other sums payable under this Sublease have been paid; (3) that no written notice of any default has been delivered to Subtenant which default has not been cured, except as to defaults specified in said certificate; (4) that there is no default known to Subtenant under the Sublease or an event known to Subtenant which, with notice or the passage of time, or both, would result in an event of default under this Sublease, except for defaults specified in said certificate; and (5) such other matters as may be reasonably requested by Sublandlord. Any such certificate may be relied upon by any prospective purchaser or existing or prospective mortgagee or beneficiary under any deed of trust of the Premises or the Building or any interest in the Building.

K. NO MERGER. The voluntary or other surrender of this Sublease by Subtenant or the cancellation of this Sublease by mutual agreement of Subtenant and Sublandlord or the termination of this Sublease on account of Subtenant's default will not work a merger.

L. CONSENTS. Whenever Subtenant requests Sublandlord to take any action or give any consent or approval required or permitted under this Sublease, such action, consent or approval will not be unreasonably withheld, delayed or denied.

M. BROKER. Sublandlord and Subtenant respectively represent and warrant to each other that neither of them has consulted or negotiated with any broker or finder with regard to the Premises. Sublandlord and Subtenant will each indemnify the other against and hold the other harmless from any claims for fees or commissions from anyone with whom either of them has consulted or negotiated with regard to the Premises.

N. AUTHORITY. Each party hereby represents to the other party that the party executing this Sublease on its behalf is authorized to do so by requisite action of the board of directors of such party, as applicable, and agrees upon

request to deliver to the other party a resolution or similar document to that effect.

O. CAPTIONS. The captions of the various Sections of this Sublease are for convenience only and do not define, limit, describe or construe the contents of such Sections.

P. COUNTERPART. This Sublease may be executed in several counterparts and all such executed counterparts shall constitute one (1) agreement binding on all of the parties in spite of the fact that all of the parties have not signed the same counterpart.

Executed and delivered the date first written above.

SUBLANDLORD:

NORWEST BANK COLORADO,  
NATIONAL ASSOCIATION,  
national banking association,  
successor in interest to  
Norwest Bank Denver, National  
Association, formerly known as  
United Bank of Denver National  
Association

By: /s/ Kirby D. Martin  
-----  
Kirby D. Martin  
Vice President

SUBTENANT:

TELETECH TELECOMMUNICATIONS, INC.  
a California corporation

By: /s/ Joseph D. Livingston  
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Title: Senior Vice President, Chief Operating Officer  
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TELETECH TELESERVICES, INC.  
a Colorado corporation

By: /s/ Joseph D. Livingston  
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Title: Senior Vice President, Chief Operating Officer  
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(signatures continued on next page)

TELETECH HOLDINGS, INC.

By: /s/ Joseph D. Livingston  
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Title: Senior Vice President, Chief Operating Officer  
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STATE OF COLORADO )  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 5th day of October 1995, by Kirby D. Martin, as Vice President of Norwest Bank Colorado, National Association, a national banking association, on behalf of said association.

My commission expires: October 23, 1996  
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SEAL /s/ Anita C. Jones  
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Notary Public

STATE OF COLORADO )  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 3rd day of October, 1995, by Joseph D. Livingston as Chief Operating Officer of TeleTech Teleservices, Inc., a Colorado corporation, on behalf of said corporation.

My commission expires: 1/27/99

SEAL /s/ Marianne Mari  
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Notary Public

(notaries continued on next page)

STATE OF COLORADO    )  
                          )   ss.  
COUNTY OF DENVER    )

The foregoing instrument was acknowledged before me this 3rd day of October, 1995, by Joseph D. Livingston as Chief Operating Officer of TeleTech Holdings, a Delaware corporation, on behalf of said corporation.

My commission expires:   1/27/99

SEAL                    /s/ Marianne Mari  
                          -----  
                          Notary Public

STATE OF COLORADO    )  
                          )   ss.  
COUNTY OF DENVER    )

The foregoing instrument was acknowledged before me this 3rd day of October, 1995, by Joseph D. Livingston as Chief Operating Officer of TeleTech Telecommunications, Inc., a California corporation, on behalf of said corporation.

My commission expires:   1/27/99

SEAL                    /s/ Marianne Mari  
                          -----  
                          Notary Public

EXHIBIT A

(Attached to and forming a part of Sublease,  
dated as of September 28, 1995, between  
Norwest Bank Colorado, National Association,  
as Sublandlord, and TeleTech Telecommunications, Inc. and  
TeleTech Teleservices, Inc., and TeleTech Holdings, Inc., as  
Subtenant)

MASTER LEASE

A true and correct copy of most of the provisions of the Master Lease as  
described in the Sublease is attached hereto.



EXHIBIT B

(Attached to and forming a part of Sublease,  
dated as of September 28, 1995, between  
Norwest Bank Colorado, National Association,  
as Sublandlord, and TeleTech Telecommunications, Inc.,  
TeleTech Teleservices, Inc., and TeleTech Holdings, Inc.  
together, as Subtenant)

DESCRIPTION OF PREMISES

Office space, encompassing approximately 10,347 Net Rentable Square feet  
and 357 Net Rentable Square feet for storage space all located on the twenty  
third Floor in the Building located at 1700 Lincoln Street, Denver, Colorado;

and, as more specifically detailed on the drawing of the Premises as  
attached.

July 5, 1996

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Ladies and Gentlemen:

We have read the statements made by TeleTech Holdings, Inc. pursuant to Item 304 of Regulation S-K, as part of Amendment No. 2 to the Company's Registration Statement on Form S-1, which we understand will be filed with the Commission on July 5, 1996. We agree with the statements concerning our firm made by TeleTech Holdings, Inc. in such Registration Statement.

Very truly yours,

/s/ Gumbiner, Savett, Finkel, Fingleson & Rose,  
Inc.

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

LIST OF SUBSIDIARIES OF  
TELETECH HOLDINGS, INC.

	Name of Subsidiary *	Jurisdiction of Organization
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1.	TeleTech Telecommunications, Inc.	State of California
2.	TeleTech Teleservices, Inc.	State of Colorado
3.	TeleTech UK Limited	United Kingdom
4.	Access 24 Service Corporation Pty Limited	New South Wales, Australia
	(a) Access 24 (Service Corporation) Limited	New Zealand
	(b) High Performance Healthcare Limited	Queensland, Australia
5.	Access 24 Limited	United Kingdom

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\* Each of the subsidiaries conducts business under its legal corporate name listed above.

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 5, 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. 2 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 5, 1996