

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report: December 20, 2000
(Date of earliest event reported)

TeleTech Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	0-21055	84-1291044
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1700 Lincoln Street, Suite 1400, Denver,
Colorado 80203 (Address of principal executive
offices, including Zip Code)

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

Item 5. Other Events

On December 20, 2000, TeleTech Holdings, Inc. (the "Company") consummated a business combination with Newgen Results Corporation ("Newgen") in a stock-for-stock exchange. The Company accounted for this business combination as a pooling of interests. The Company hereby files the Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operation and Supplemental Consolidated Financial Statements, which give effect to the transaction and restate the accounts of the Company to give effect to the pooling of interests. For a complete understanding of the Company's results presented herein, refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, to the Forms 10-Q for fiscal year 2000 already on record for the periods ended March 31, 2000, June 30, 2000, and September 30, 2000, and the Current Report on Form 8-K already on record filed on October 30, 2000. The Supplemental Consolidated Financial Statements contained herein will become the historical consolidated financial statements of the Company after financial statements are issued covering the date of consummation of the acquisition of Newgen.

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 Supplemental Consolidated Financial Statements and the related notes appearing elsewhere in this Form 8-K. The following data for the five years ended December 31, 1999 has been derived from audited financial statements after giving retroactive effect to the acquisition of Newgen Results Corporation. The data for the nine months ended September 30, 2000 and 1999 has been derived from unaudited financial statements that reflect, in the opinion of the Company, all adjustments, which include only normal recurring adjustments, necessary for a fair presentation of the financial data for such periods.

NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,				
2000	1999	1999	1998	1997	1996	1995
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(Amounts in thousands, except per share data)

CONSOLIDATED STATEMENT OF INCOME DATA:

Operating Revenue	\$641,507	\$423,434	\$604,264	\$424,877	\$311,097	\$182,894	\$58,547
Total operating expenses	583,614	388,793	554,067	394,497	279,441	163,737	56,593
	-----	-----	-----	-----	-----	-----	-----
Income from operations	57,893	34,641	50,197	30,380	31,656	19,157	1,954
Other income (expenses)	45,905	7,426	7,561	68	1,881	(211)	2,465
	-----	-----	-----	-----	-----	-----	-----
Income before income taxes and minority interest	103,798	42,067	57,758	30,448	33,537	18,946	4,419
Provision for income taxes	37,609	15,267	20,978	13,344	14,206	9,773	2,992
	-----	-----	-----	-----	-----	-----	-----
Income before minority interest	66,189	26,800	36,780	17,104	19,331	9,173	1,427
Minority interest	(925)	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Net Income	65,264	26,800	36,780	17,104	19,331	9,173	1,427
Adjustment for accretion of redeemable convertible preferred stock	--	(487)	(487)	(1,371)	(132)	--	--
	-----	-----	-----	-----	-----	-----	-----
Income applicable to common shareholders	\$65,264	\$26,313	\$36,293	\$15,733	\$19,199	\$9,173	\$1,427
	-----	-----	-----	-----	-----	-----	-----
Net Income per common share							
Basic	\$0.88	\$0.38	\$0.51	\$0.24	\$0.30	\$0.16	\$0.03
Diluted	\$0.83	\$0.37	\$0.49	\$0.24	\$0.27	\$0.15	\$0.02

SEPTEMBER 30,		DECEMBER 31,				
2000	1999	1998	1997	1996	1995	
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BALANCE SHEET DATA:

Working capital	\$195,573	\$111,849	\$68,137	\$88,445	\$88,995	\$11,290
Total assets	527,027	362,579	251,729	207,249	152,503	31,773
Long-term debt	58,119	27,404	7,660	11,001	11,408	3,614
Redeemable preferred stock	--	--	16,050	14,679	5,422	--
Total stockholders' equity	354,571	253,145	157,931	132,586	104,851	3,591

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS

RESULTS OF OPERATIONS

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

	1999	1998	1997
	----	----	----
Revenues.....	100.0%	100.0%	100.0%
Costs of services.....	67.2	66.5	65.2
SG&A expenses.....	24.5	26.3	24.6
Income from operations.....	8.3	7.2	10.2
Other income	1.3	0.0	0.6
Provision for income taxes.....	3.5	3.1	4.6
Net income	6.1	4.0	6.2

1999 COMPARED TO 1998

REVENUES. Revenues increased \$179.4 million, or 42.2%, to \$604.3 million in 1999 from \$424.9 million in 1998. On a segment basis, outsourced revenue increased 49.3% to \$299.4 million in 1999 from \$200.5 million in 1998. The increase resulted from \$22.3 million in revenues from new clients and \$111.9 million in increased revenues from existing clients offset in part by contract expirations and other client reductions. Revenues for 1999 include approximately \$94.5 million from facilities management contracts, an increase of 10.2%, as compared with \$85.7 million during 1998, resulting from increased number of customer interactions. International outsourced revenues increased 49.7% to \$134.4 million in 1999 from \$89.8 million in 1998. The increase in international outsourced revenues resulting from the 1999 Argentina acquisitions of Smart Call, S.A. and Connect, S.A. was \$6.6 million. The remaining increase resulted primarily from continued expansion in the Company's Mexican and Australian operations. These increases were offset by reductions in revenue in the Company's Canadian operations resulting from the expiration of a client contract. Revenues from database marketing and consulting increased 37.5% to \$55.2 million primarily due to increased customers for the Company's RESULTS program. Revenues from corporate activities consist of consulting services, automated customer support, database management, systems integration, Web-based applications and distance-based learning and education. These revenues totaled \$20.8 million in 1999, an increase of \$12.0 million from \$8.8 million in 1998. Approximately \$8.4 million of this increase resulted from the Cygnus acquisition in December 1998 and the Pamet acquisition in 1999.

COSTS OF SERVICES. Costs of services increased \$123.5 million, or 43.7%, to \$406.1 million in 1999 from \$282.7 million in 1998. Costs of services as a percentage of revenues increased from 66.5% in 1998 to 67.2% in 1999. This increase in costs of services as a percentage of revenues is primarily the result of reduced margins in two of the Company's facilities management contracts in 1999 and gross margin being favorably impacted by a non-recurring technology sale in 1998. These factors more than offset the costs of services benefit resulting from the decline in the percentage of revenues generated from facilities management programs.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased \$36.1 million, or 32.3%, to \$147.9 million in 1999, from \$111.8 million in 1998 primarily resulting from the Company's increased number of customer interaction centers, global expansion and increased investment in technology. SG&A expenses as a percentage of revenues decreased from 26.3% in 1998 to 24.5% in 1999. This decrease is driven by an increase in revenues as a result of improvements in capacity utilization in the second half of 1999 in the Company's outsourced domestic and international customer interaction centers as well as improvements in the Company's database marketing and consulting segment primarily resulting from the leverage obtained by spreading new customer installation costs over a large revenue base.

INCOME FROM OPERATIONS. As a result of the foregoing factors, income from operations increased \$19.8 million, or 65.2%, to \$50.2 million in 1999 from \$30.4 million in 1998. Income from operations as a percentage of revenues increased to 8.3% in 1999 from 7.2% in 1998.

OTHER INCOME (EXPENSE). Other income increased \$7.5 million to \$7.6 million in 1999 compared to \$68,000 in 1998. Included in other income in 1999 is a \$6.7 million gain on the settlement of a long-term contract which was terminated by a client in 1996. Included in other income (expense) in 1998 is \$1.3 million in business combination expenses relating to the business combinations accounted for under the pooling of interests method. Interest expense increased \$1.2 million to \$2.8 million in 1999 compared to \$1.6 million in 1998. This increase is primarily the result of increased borrowings. Interest income increased \$221,000 to \$3.4 million in 1999 compared to \$3.2 million in 1998. This increase is the result of the increase in short-term investments during 1999.

INCOME TAXES. Taxes on income increased \$7.6 million to \$21.0 million in 1999 from \$13.3 in 1998 primarily due to higher pre-tax income. The Company's effective tax rate was 36.3% in 1999 compared with 43% in 1998. The higher effective tax rate in 1998 was due to a decrease in pre-tax income from an acquisition accounted for under the pooling of interest method.

NET INCOME. As a result of the foregoing factors, net income increased \$19.7 million, or 115%, to \$36.8 million in 1999 from \$17.1 million in 1998. Diluted earnings per share increased from 24 cents in 1998 to 49 cents in 1999. Excluding the one-time business combination expenses in 1998 and the one-time gain in 1999 from the long-term contract settlement, net income in 1999 would have been \$32.5 million, compared with net income in 1998 of \$17.8 million, an increase of 82.1%. Diluted earnings per share excluding these one-time items would have been 44 cents in 1999 compared to 25 cents in 1998.

1998 COMPARED TO 1997

REVENUES. Revenues increased \$113.8 million, or 36.6%, to \$424.9 million in 1998 from \$311.1 million in 1997. The increase was primarily related to the Company's outsourced and international outsourced segments. The increase in these segments resulted from \$56.0 million in revenues from new clients and \$81.0 million in increased revenues from existing clients. These increases were offset in part by contract expirations and other client reductions. Client reductions reflect a \$35.6 million decline in 1998 revenue from two significant clients. Revenues for 1998 include a \$5.0 million sale of technology consulting and call center technology products to an existing client for use in its internal call centers. The Company has not historically sold its technology or significant levels of consulting services as a separate product and only provided such services to clients as part of a long-term outsourcing agreement. Revenues for 1998 include approximately \$85.7 million from facilities management contracts as compared with \$84.0 million during 1997. Total international revenues represent 21.1% of consolidated revenues during 1998 as compared with 18.0% during 1997. Database marketing and consulting revenues increased 51.8% to \$40.1 primarily due to increased RESULTS program customers and a large consulting program for Ford Motor Company.

COSTS OF SERVICES. Costs of services increased \$79.8 million, or 39.3%, to \$282.7 million in 1998 from \$202.9 million in 1997. Costs of services as a percentage of revenues increased from 65.2% in 1997 to 66.5% in 1998. This increase in costs of services as a percentage of revenues is primarily the result of reduced volumes in one of the Company's facilities management contracts. This reduced volume resulted in excess capacity in three customer interaction centers managed by the Company and reduced gross margins on the client program. This resulted in a \$4.5 million decrease in operating income from the Company's facilities management business. The increase in costs of services as a percent of revenues relating to this was partially offset by the favorable impact of the technology sale discussed earlier. This sale had significantly lower costs of services as a percentage of revenues when compared with the Company's recurring revenues from outsourcing.

SELLING, GENERAL AND ADMINISTRATIVE. SG&A expenses increased \$35.3 million, or 46.1% to \$111.8 million in 1998, from \$76.5 million in 1997 resulting from the Company's increased number of customer interaction centers, global expansion and increased investment in technology. SG&A expenses as a percentage of revenues increased from 24.6% in 1997 to 26.3% in 1998. This increase is the result of excess capacity in several of the Company's outsourced domestic and international customer interaction centers discussed earlier. In addition, selling expenses increased in the Company's database marketing and consulting segment as a result of the establishment of a marketing department and addition of sales personnel.

INCOME FROM OPERATIONS. As a result of the foregoing factors, income from operations decreased \$1.3 million, or 4.0%, to \$30.4 million in 1998 from \$31.7 million in 1997. Income from operations as a percentage of revenues decreased from 10.2% in 1997 to 7.2% in 1998. Operating income as a percentage of revenues in 1998 has been favorably impacted by approximately 700 basis points resulting from the technology sale discussed earlier. Operating income as a percentage of revenues is not anticipated to significantly improve until the Company increases capacity utilization.

OTHER INCOME (EXPENSE). Other income decreased \$1.8 million to \$68,000 in 1998 compared to \$1.9 million in 1997. Included in other income (expense) in 1998 is \$1.3 million in business combination expenses relating to the business combinations accounted for under the pooling of interests method. Interest expense increased \$29,000 to \$1.7 million in 1998 compared to \$1.6 million in 1997. This increase is primarily the result of increased borrowings in the Company's international locations offset by debt reductions in the United States. Interest income decreased \$232,000 to \$3.2 million in 1998 compared to \$3.4 million in 1997. This decrease is the result of the decrease in short-term investments during 1998.

INCOME TAXES. Taxes on income decreased \$862,000 to \$13.3 million in 1998 from \$14.2 in 1997 primarily due to lower pre-tax income. The Company's effective tax rate was 43% in 1998 and 1997. The effective tax rate was higher than the U.S. Federal Statutory rate due primarily to higher taxes on the Company's operations in Canada offset by increases in state income tax credits received from certain states for employment incentives.

NET INCOME. As a result of the foregoing factors, net income decreased \$2.2 million, or 11.5%, to \$17.1 million in 1998 from \$19.3 million in 1997. Diluted earnings per share decreased from 27 cents in 1997 to 24 cents in 1998. Excluding the one-time business combination expenses, net income in 1998 would have been \$17.8 million, and diluted earnings per share would have been 25 cents.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities was \$64.3 million in 1999 as compared to \$23.1 million in 1998. Cash provided by operating activities consists of \$71.2 million of total net income before depreciation and amortization, bad debt, deferred income taxes, tax benefit from exercise of stock options and loss on disposal of assets offset in part by \$7.2 million of changes in working capital.

The amount of cash used by the Company in investing activities was \$102.9 million in 1999. During 1999, the Company's capital expenditures (exclusive of \$2.9 million in assets acquired under capital leases) were \$60.4 million, and the Company used \$18.1 million in cash for the Pamet, Smart Call, Connect, and other acquisitions. The Company also invested \$2.5 million in a customer relationship management software company. These expenditures were offset in part by the increase of \$21.9 million in short-term investments. Cash used in investing activities was \$21.5 million for 1998, resulting primarily from \$39.6 million in capital expenditures, \$2.3 million for acquisitions and \$10.9 million for contract acquisition costs offset by reductions in the Company's short-term investments.

Historically, capital expenditures have been, and future capital expenditures are anticipated to be, primarily for the development of customer interaction centers, as well as expansion of the Company's customer management consulting, technology deployment and systems integration, Web-based education platforms, Internet customer relationship management and customer-centric marketing solutions. The Company currently expects total capital expenditures in 2000 to be approximately \$70 million to \$90 million, excluding any capital expenditures for the joint venture with Ford Motor Company ("Percepta"), which the Company anticipates to be \$10 million to \$15 million in 2000. The Company expects its capital expenditures will be used primarily to open up five or six new shared customer interaction centers during 2000. The level of capital expenditures incurred in 2000 will be dependent upon new client contracts obtained by the Company and the corresponding need for additional capacity. In addition, if the Company's future growth is generated through facilities management contracts, the anticipated level of capital expenditures could be reduced significantly.

Cash provided by financing activities in 1999 was \$50.9 million. This primarily resulted from an increase in borrowings against the revolving line of credit and long-term notes payable offset by capital lease and long-term debt payments. Additional proceeds from financing activities were generated by issuances of stock and the exercise of stock options. In 1998, cash used in financing activities of \$3.3 million resulted from payments under capital lease obligations and long-term debt offset by the exercise of stock options.

In November 1998, the Company obtained a three-year, \$50 million, unsecured revolving line of credit with a syndicate of five banks. The Company also has the option to secure at any time up to \$25 million of the line with available cash investments. The Company has two interest rate options: an offshore rate option or a bank base rate option. The Company will pay interest at a spread of 50 to 150 basis points over the applicable offshore or bank base rate, depending upon the Company's leverage. Interest on the secured portion is based on the applicable rate plus 22.5 basis points. The Company had \$18 million in borrowings under the line of credit at December 31, 1999. The Company recently expanded its credit facility to \$75 million.

The Company believes that existing cash and short-term investments together with stock option exercises and the related tax benefit and available borrowings under its line of credit will be sufficient to finance the Company's current operations, planned capital expenditures and anticipated growth through 2001. 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. From time to time, the Company engages in discussions regarding restructuring, dispositions, acquisitions and other similar transactions. Any such transaction could include, among other things, the transfer, sale or acquisition of significant assets, businesses or interests, including joint ventures, or the incurrence, assumption or refinancing of indebtedness, and could be material to the financial condition and results of operations of the Company. There is no assurance that any such discussions will result in the consummation of any such transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2000 AND 1999

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2000 COMPARED TO SEPTEMBER 30, 1999

REVENUES. Revenues increased \$218.1 million or 51.5% to \$641.5 million for the nine months ended September 30, 2000 from \$423.4 million for the nine months ended September 30, 1999. Outsourced revenues increased \$65.5 million, resulting from growth in new and existing client relationships. Revenues for the nine months ended September 30, 2000 include approximately \$85.8 million from facilities management contracts as compared with \$64.3 million for the nine months ended September 30, 1999. This increase is a result of significantly increased call volumes from one of the Company's facility management clients. International outsourced revenues increased \$120.5 million. This is due to significant increases in Canada as a result of the commencement of operations of Percepta, and an increasing number of United States clients utilizing the company's Canadian locations. In addition, revenues in Latin America grew by \$32.4 million as a result of acquisitions in the first and fourth quarter of 1999. Additionally, revenues in Spain increased by \$16.7 million.

COSTS OF SERVICES. Costs of services increased \$133.5 million, or 47.5%, to \$414.5 million for the nine months ended September 30, 2000 from \$281.0 million for the nine months ended September 30, 1999. Costs of services as a percentage of revenues decreased from 66.4% for the nine months ended September 30, 1999 to 64.6% for the nine months ended September 30, 2000. The decrease in the costs of services as a percentage of revenues is a result of strong growth in revenues from both new and existing clients and increased operating efficiencies.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased \$61.3 million, or 56.9% to \$169.1 million for the nine months ended September 30, 2000 from \$107.7 million for the nine months ended September 30, 1999. Selling, general and administrative expenses as a percentage of revenues increased from 25.4% for the nine months ended September 30, 1999 to 26.4% for the nine months ended September 30, 2000 primarily as a result of increased investment in the Company's enhansiv subsidiary.

INCOME FROM OPERATIONS. As a result of the foregoing factors, income from operations increased \$23.3 million or 67.1%, to \$57.9 million for the nine months ended September 30, 2000 from \$34.6 million for the nine months ended September 30, 1999. Operating income as a percentage of revenues increased from 8.2% for the nine months ended September 30, 1999 to 9.0% for the nine months ended September 30, 2000. Income from operations, exclusive of the one-time impact of the closure of the Pamet River subsidiary, increased \$26.7 million or 77%, to \$61.3 million for the nine months ended September 30, 2000. Operating income as a percentage of revenues, exclusive of the one-time impact of the closure of the Pamet River subsidiary, increased to 9.6% for the nine months ended September 30, 2000.

OTHER INCOME (EXPENSE). Other income totaled \$45.9 million for the nine months ended September 30, 2000 compared with other income of \$7.4 during the nine months ended September 30, 1999. Included in other income for the nine months ended September 30, 2000 is a one-time gain of \$44.9 million on the sale of securities. Included in other income for the nine months ended September 30, 1999 is a one-time gain of \$6.7 million on the settlement of a long-term contract. Interest expense increased \$1.6 million to \$3.6 million for the nine months ended September 30, 2000 compared to \$2.0 for the nine months ended September 30, 1999. This increase is primarily the result of increased borrowings.

NET INCOME. As a result of the foregoing factors, net income increased \$38.5 or 143.5%, to \$65.3 million for the nine months ended September 30, 2000 from \$26.8 million for the nine months ended September 30, 1999. Net income for the nine months ended September 30, 2000 was \$37.6 million, exclusive of a net one-time gain from the sale of a portion of an equity investment. Net income for the nine months ended September 30, 1999 was \$22.5 million, exclusive of a net one-time gain on the settlement of a contract.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2000 the Company had cash and cash equivalents of \$35.7 million, short-term investments of \$47.9 million and an investment in available-for-sale securities of \$28.6 million. Cash provided by operating activities was \$85,000 for the nine months ended September 30, 2000 as compared to \$46.5 million for the nine months ended September 30, 1999. The decrease in cash provided by operating activities primarily resulted from increased accounts receivable due to slow paying customers.

Cash used in investing activities was \$30.4 million for the nine months ended September 30, 2000, as compared to \$59.5 million for the nine months ended September 30, 1999. The increase resulted primarily from \$50.6 million proceeds from sale of available-for-sale securities, \$6.5 million increase in short-term investments, \$5.1 million in capital contribution from a minority interest partner, offset by \$81.5 million toward the purchase of property and equipment and \$8.0 million towards an investment in a customer relationship management software company.

Cash provided by financing activities was \$47.3 million for the nine months ended September 30, 2000, as compared to \$50.0 million for the nine months ended September 30, 1999. Cash provided by financing activities resulted primarily from the increase in borrowings of \$37.0 million and \$10.4 million from stock option exercises.

During the first quarter of 2000, the Company completed an amendment to its unsecured revolving line of credit with a syndicate of four banks. The amendment increased the line of credit to \$75.0 million from \$50.0 million. The Company has the option to secure at any time up to \$25.0 million of the line with available cash investments. The Company has two interest rate options: an offshore rate option or a bank base rate option. The Company will pay interest at a spread of 50 to 150 basis points over the applicable offshore or bank base rate, depending upon the Company's leverage. Interest on the secured portion is based on the applicable rate plus 22.5 basis points. Borrowings under this agreement totaled \$43.0 million at September 30, 2000 of which \$20.0 million was secured at the Company's option with temporary short term investments disclosed on the balance sheet. Interest rates under these borrowings ranged from 6.7% to 9.5% at September 30, 2000. Under this line of credit, the Company has agreed to maintain certain financial ratios and capital expenditure limits.

The Company currently expects total capital expenditures in 2000 to be approximately \$105 to \$115 million of which \$81.5 million was expended in the first nine months. The Company believes that existing cash on hand and available borrowings under the line of credit together with cash from operations and proceeds from the sale of E.piphany common stock will be sufficient to finance the Company's operations, planned capital expenditures and anticipated growth through 2001.

FORWARD LOOKING STATEMENTS

All statements not based on historical fact are forward-looking statements that involve substantial risks and uncertainties. In accordance with the Private Securities Litigation Reform Act of 1995, following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward-looking statements: lower than anticipated customer interaction center capacity utilization; the loss or delay in implementation of a customer management program; the Company's ability to build-out facilities in a timely and economic manner; greater than anticipated competition from new entrants into the customer care market, causing increased price competition or loss of clients; the loss of one or more significant clients; higher than anticipated start-up costs associated with new business opportunities; the Company's ability to predict the potential volume or profitability of any future technology or consulting sales; the Company's agreements with clients may be canceled on relatively short notice; and the Company's ability to generate a specific level of revenue is dependent upon customer interest in and use of the Company's clients' products and services. Readers are encouraged to review the Company's 1999 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q for the first, second and third quarters of 2000, which describe other important factors that may impact the Company's business, results of operations and financial condition. However, these factors should not be construed as an exhaustive list. The Company cannot always predict which factors could cause actual results to differ materially from those in its forward-looking statements. In light of these risks and uncertainties the forward-looking statements might not occur. The Company assumes no obligation to update its forward-looking statements to reflect actual results or changes in factors affecting such forward-looking statements.

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TELETECH HOLDINGS, INC.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To TeleTech Holdings, Inc.:

We have audited the accompanying supplemental consolidated balance sheets of TELETECH HOLDINGS, INC. (a Delaware corporation) and subsidiaries as of December 31, 1999 and 1998, and the related supplemental consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1999. The supplemental consolidated statements give retroactive effect to the acquisition of Newgen Results Corporation on December 20, 2000, which has been accounted for as a pooling of interest, as described in Note 16. These supplemental financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these supplemental financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 supplemental consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TeleTech Holdings, Inc. and subsidiaries as of December 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, after giving retroactive effect to the acquisition of Newgen Results Corporation, as described in Note 16 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Denver, Colorado

February 14, 2000 (except for the matters discussed in Note 16, as to which the dates are August 31, 2000 and December 20, 2000)

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

	DECEMBER 31,	
	1999	1998
	----	----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$22,077	\$10,283
Short-term investments.....	59,039	37,107
Accounts receivable, net of allowance for doubtful accounts of \$4,270 and \$3,199, respectively.....	101,450	82,824
Prepays and other assets.....	6,334	3,188
Deferred tax asset.....	4,889	3,855
	-----	-----
Total current assets.....	193,789	137,257
	-----	-----
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$70,823 and \$41,800 respectively.....	117,363	81,918
	-----	-----
OTHER ASSETS:		
Long-term accounts receivable.....	3,930	4,274
Goodwill, net of accumulated amortization of \$3,210 and \$1,599, respectively.....	32,077	15,022
Contract acquisition cost, net of accumulated amortization of \$1,614 and \$0, respectively.....	9,286	10,900
Deferred tax asset.....	550	--
Other assets.....	5,584	2,358
	-----	-----
Total assets.....	\$362,579	\$251,729
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and capital lease obligations.....	\$6,759	\$10,098
Bank overdraft.....	1,323	778
Accounts payable.....	16,822	15,447
Accrued employee compensation.....	29,093	19,533
Accrued income taxes.....	4,397	6,093
Other accrued expenses.....	19,035	13,367
Customer advances, deposits and deferred income.....	4,510	3,803
	-----	-----
Total current liabilities.....	81,939	69,119
	-----	-----
DEFERRED TAX LIABILITIES.....	--	835
LONG-TERM DEBT, net of current portion:		
Capital lease obligations.....	3,755	5,148
Revolving line-of-credit.....	18,000	--
Other debt.....	5,649	2,512
Deferred rent.....	91	134
	-----	-----
Total liabilities.....	109,434	77,748
	-----	-----
COMMITMENTS AND CONTINGENCIES (Note 8)		
REDEEMABLE PREFERRED STOCK, no par value, 2,000,000 and 3,500,000 shares authorized, Series A convertible, 0 and 1,250,137 shares issued and outstanding, respectively (aggregate liquidation preference of \$9,386,229 at December 31, 1998), stated at.....		
	--	5,925
Series B convertible, 0 and 2,158,604 shares issued and outstanding, respectively (aggregate liquidation preference of \$15,876,412 at December 31, 1998), stated at.....	--	10,125
STOCKHOLDERS' EQUITY:		
Common stock; \$.01 par value; 150,000,000 shares authorized; 73,113,938 and 67,047,656 shares, respectively, issued and outstanding.....	731	670
Additional paid-in capital.....	174,299	117,465
Deferred compensation.....	(1,104)	(1,394)
Notes receivable from stockholders.....	(56)	--
Accumulated other comprehensive loss.....	(1,398)	(1,200)
Retained earnings.....	80,673	42,390
	-----	-----
Total stockholders' equity.....	253,145	157,931
	-----	-----
Total liabilities and stockholders' equity.....	\$362,579	\$251,729
	-----	-----

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	1999 ----	1998 ----	1997 ----
REVENUES.....	\$604,264	\$424,877	\$311,097
OPERATING EXPENSES:			
Costs of services.....	406,149	282,689	202,906
Selling, general and administrative expenses.....	147,918	111,808	76,535
	-----	-----	-----
Total operating expenses.....	554,067	394,497	279,441
	-----	-----	-----
INCOME FROM OPERATIONS.....	50,197	30,380	31,656
	-----	-----	-----
OTHER INCOME (EXPENSE):			
Interest expense.....	(2,849)	(1,658)	(1,629)
Interest income.....	3,438	3,217	3,449
Equity in income of affiliate.....	--	70	302
Business combination expenses.....	--	(1,321)	--
Gain on settlement of long-term contract.....	6,726	--	--
Other	246	(240)	(241)
	-----	-----	-----
	7,561	68	1,881
	-----	-----	-----
INCOME BEFORE INCOME TAXES.....	57,758	30,448	33,537
Provision for income taxes.....	20,978	13,344	14,206
	-----	-----	-----
NET INCOME.....	36,780	17,104	19,331
Adjustment for accretion of redeemable convertible preferred stock.....	(487)	(1,371)	(132)
	-----	-----	-----
Net income applicable to common stockholders.....	\$36,293	\$15,733	\$19,199
	-----	-----	-----
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	70,557	66,228	64,713
Diluted	74,462	71,781	70,969
NET INCOME PER SHARE			
Basic	\$0.51	\$0.24	\$0.30
Diluted	\$0.49	\$0.24	\$0.27

The accompanying notes are an integral part of these
consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(AMOUNTS IN THOUSANDS)

	SHARES	AMOUNT	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFERRED COMPENSATION	NOTES RECEIVABLE FROM STOCKHOLDERS
	TREASURY STOCK		COMMON STOCK					
BALANCES, January 1, 1997	99	\$(988)	63,434	\$635	\$97,739	\$98	\$-	\$-
Employee stock purchase plan	-	-	28	-	440	-	-	-
Acquisition of TMI	-	-	100	1	1,797	-	-	-
Translation adjustments	-	-	-	-	-	(872)	-	-
Compensation expense on restricted stock	-	-	-	-	-	-	-	-
Exercise of stock options	-	-	470	5	5,072	-	-	-
Issuance of common stock	-	-	1,508	15	2,648	-	-	-
Accretion of redeemable preferred stock	-	-	-	-	-	-	-	-
Deferred compensation related to options granted	-	-	-	-	901	-	(901)	-
Net income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-	-	-
Distribution to stockholder								
BALANCES, December 31, 1997	99	(988)	65,540	656	108,597	(774)	(901)	-
Employee stock purchase plan	-	-	28	-	334	-	-	-
Acquisition of Intellisystems	(99)	988	245	2	2,089	-	-	-
Acquisition of Cygnus	-	-	325	3	2,658	-	-	-
Combination with Outsource	-	-	606	6	-	-	-	-
Translation adjustment	-	-	-	-	-	(426)	-	-
Brokerage fee on EDM combination	-	-	42	-	485	-	-	-
Year-end change for EDM	-	-	-	-	-	-	-	-
Exercise of stock options	-	-	249	3	1,457	-	-	-
Issuances of common stock	-	-	13	-	1,096	-	-	-
Compensation expense on restricted stock	-	-	-	-	-	-	-	-
Accretion of redeemable preferred stock	-	-	-	-	-	-	-	-
Deferred compensation related to options granted	-	-	-	-	749	-	(749)	-
Amortization of deferred compensation	-	-	-	-	-	-	256	-
Net income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-	-	-
BALANCES, December 31, 1998	-	-	67,048	670	117,465	(1,200)	(1,394)	-
Employee stock purchase plan	-	-	-	-	131	-	-	-
Acquisition of Pamet	-	-	286	3	1,750	-	-	-
Translation adjustments	-	-	-	-	-	(201)	-	-
Exercise of stock options	-	-	850	8	8,237	-	-	(56)
Exercise of stock warrants	-	-	23	-	6	-	-	-
Accretion of redeemable preferred stock	-	-	-	-	-	-	-	-
Issuances of common stock	-	-	2,179	22	32,083	-	-	-
Conversion of preferred stock	-	-	2,727	28	14,515	-	-	-
Deferred compensation related to options granted	-	-	-	-	112	-	(112)	-
Amortization of deferred compensation	-	-	-	-	-	-	402	-
Unrealized gains from short-term investments	-	-	-	-	-	3	-	-
Net income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-	-	-

BALANCES, December 31, 1999	-	\$-	73,113	\$731	\$174,299	\$(1,398)	\$(1,104)	\$(56)
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	UNEARNED COMPENSATION RESTRICTED STOCK	RETAINED EARNINGS	COMPREHENSIVE INCOME	TOTAL STOCKHOLDERS' EQUITY
BALANCES, January 1, 1997	\$(254)	\$7,621	\$-	\$104,851
Employee stock purchase plan	-	-	-	440
Acquisition of TMI	-	-	-	1,798
Translation adjustments	-	-	(872)	(872)
Compensation expense on restricted stock	127	-	-	127
Exercise of stock options	-	-	-	5,077
Issuance of common stock	-	-	-	2,663
Accretion of redeemable preferred stock	-	(132)	-	(132)
Deferred compensation related to options granted	-	-	-	-
Net income	-	19,331	19,331	19,331
Comprehensive income	-	-	\$18,459	-
Distribution to stockholder		(697)		(697)

BALANCES, December 31, 1997	(127)	26,123	-	132,586
Employee stock purchase plan	-	-	-	334
Acquisition of Intellisystems	-	-	-	3,079
Acquisition of Cygnus	-	-	-	2,661
Combination with Outsource	-	804	-	810
Translation adjustment	-	-	(426)	(426)
Brokerage fee on EDM combination	-	-	-	485
Year-end change for EDM	-	(270)	-	(270)
Exercise of stock options	-	-	-	1,460
Issuances of common stock	-	-	-	1,096
Compensation expense on restricted stock	127	-	-	127
Accretion of redeemable preferred stock	-	(1,371)	-	(1,371)
Deferred compensation related to options granted	-	-	-	-
Amortization of deferred compensation	-	-	-	256
Net income	-	17,104	17,104	17,104
Comprehensive income	-	-	\$16,678	-

BALANCES, December 31, 1998	-	42,390	-	157,931
Employee stock purchase plan	-	-	-	131
Acquisition of Pamet	-	-	-	1,753
Translation adjustments	-	-	(201)	(201)
Exercise of stock options	-	-	-	8,189
Exercise of stock warrants	-	-	-	6
Accretion of redeemable preferred stock	-	(487)	-	(487)
Issuances of common stock	-	-	-	32,105
Conversion of preferred stock	-	1,990	-	16,533
Deferred compensation related to options granted	-	-	-	-
Amortization of deferred compensation	-	-	-	402
Unrealized gains from short-term investments	-	-	3	3
Net income	-	36,780	36,780	36,780
Comprehensive income	-	-	\$36,582	

BALANCES, December 31, 1999

\$- \$80,673

\$253,145

The accompanying notes are an integral part of these
consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(AMOUNTS IN THOUSANDS)

	1999	1998	1997
	----	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	\$ 36,780	\$ 17,104	\$ 19,331
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	32,661	20,856	12,272
Allowance for doubtful accounts.....	904	705	865
Deferred rent.....	(44)	25	26
Amortization of deferred compensation.....	402	256	--
Deferred income taxes.....	(2,620)	(1,235)	(1,169)
Equity in income of affiliate.....	--	(70)	(302)
Deferred compensation expense.....	--	127	127
Business combination expenses paid in stock.....	--	485	--
Loss on disposal of assets.....	509	--	--
Tax benefit from stock option exercises.....	2,923	452	3,160
Changes in assets and liabilities:			
Accounts receivable.....	(17,340)	(32,579)	(17,651)
Prepays and other assets.....	(1,235)	159	(775)
Accounts payable and accrued expenses.....	11,654	14,761	13,265
Customer advances, deposits and deferred income.....	(281)	2,030	455
	-----	-----	-----
Net cash provided by operating activities.....	64,313	23,076	29,604
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment.....	(60,446)	(39,624)	(35,410)
Acquisitions, net of cash acquired.....	(20,599)	(2,308)	(2,440)
Contract acquisition costs.....	--	(10,900)	--
Proceeds from sale of interest in Access 24 UK Limited.....	--	981	--
Temporary deposit.....	--	--	3,000
Changes in accounts payable and accrued liabilities related to investing activities	105	(2,127)	(191)
Decrease (increase) in short-term investments.....	(21,932)	32,527	2,841
	-----	-----	-----
Net cash used in investing activities.....	(102,872)	(21,451)	(32,200)
	-----	-----	-----

The accompanying notes are an integral part of these consolidated financial statements.

	1999	1998	1997
	----	----	----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in bank overdraft.....	545	(316)	745
Net increase (decrease) in short-term borrowings.....	(1,887)	30	53
Net increase (decrease) on lines-of-credit.....	18,200	593	(1,300)
Increase in restricted cash.....	--	--	566
Payments on long-term debt.....	(1,692)	(1,126)	(216)
Proceeds from long-term debt borrowings.....	5,000	3,227	593
Payments under capital lease obligations.....	(6,403)	(8,201)	(5,247)
Proceeds from common stock issuances.....	32,101	1,514	12,365
Proceeds from exercise of stock options.....	5,272	1,008	1,917
Payments under subordinated notes payable to stockholder.....	--	--	29
Distributions to stockholder.....	--	--	(678)
	-----	-----	-----
Net cash provided by (used in) financing activities.....	50,936	(3,271)	8,827
	-----	-----	-----
Effect of exchange rate changes on cash.....	(583)	(178)	87
	-----	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	11,794	(1,824)	6,318
CASH AND CASH EQUIVALENTS, beginning of period.....	10,283	12,107	5,789
	-----	-----	-----
CASH AND CASH EQUIVALENTS, end of period.....	\$ 22,077	\$ 10,283	\$ 12,107
	-----	-----	-----
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest.....	\$ 2,859	\$ 1,657	\$ 1,749
Cash paid for income taxes.....	\$ 23,647	\$ 11,202	\$ 12,272
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Assets acquired through capital leases.....	\$ 3,844	\$ 5,175	\$ 5,891
Stock issued in purchase of TMI.....	\$ --	\$ --	\$ 1,798
Stock issued in purchase of Intellisystems.....	\$ --	\$ 3,079	\$ 132
Stock issued in pooling of EDM (brokerage fee).....	\$ --	\$ 485	\$ --
Stock issued in purchase of Cygnus.....	\$ --	\$ 2,661	\$ --
Stock issued in purchase of Pamet.....	\$ 1,753	\$ --	\$ --
Accretion of redeemable preferred stock.....	\$ 487	\$ 1,371	\$ --
Conversion of preferred stock.....	\$ 16,537	\$ --	\$ --

The accompanying notes are an integral part of these consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

TeleTech Holdings, Inc. (THI or the Company) is a provider of outsourced customer management solutions for large and multinational companies in the United States, Australia, Brazil, Canada, Mexico, New Zealand, Singapore, Spain and the United Kingdom. Customer management 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 supplemental consolidated financial statements are composed of the accounts of THI and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

As more fully discussed in Note 16, during August and December 2000, the Company entered into business combinations with Contact Center Holdings, S.L. (CCH) and Newgen Results Corporation (Newgen), respectively. The business combinations have been accounted for as poolings of interest, and the historical consolidated financial statements of the Company for all years prior to the business combination have been restated in the accompanying consolidated financial statements to include the financial position, results of operations and cash flows of CCH and Newgen.

The consolidated financial statements of the Company include reclassifications made to conform the financial statement presentation of CCH and Newgen to that of the Company.

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 is not included in determining net income, but is accumulated as a separate component of stockholders' equity. During 1998, the net effect of translation gains on the Company's Mexican subsidiary was included in determining net income, as Mexico was considered a highly inflationary economy. Foreign currency transaction gains and losses are included in determining net income. Such gains and losses were not material for any period presented. In 1999, the Mexican economy was no longer considered highly inflationary, and therefore translation gains and losses were included as a component of stockholders' equity.

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.

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

Buildings.....	27.5 years
Computer equipment and software.....	4-5 years
Telephone equipment.....	4-5 years
Furniture and fixtures.....	4-5 years
Leasehold improvements.....	5-10 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 upon termination of the lease).

REVENUE RECOGNITION

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

The Company maintains ongoing training programs for its employees. The cost of this training is expensed as incurred. In addition, certain contracts require clients to reimburse the Company for specific training. These costs are billed to the clients as incurred.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations when incurred and are included in operating expenses. Research and development costs were not material for any period presented.

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 nine to 25 years. Amortization of goodwill for the years ended December 31, 1999, 1998 and 1997 was \$1,611,000, \$1,012,000 and \$349,000 respectively.

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

CONTRACT ACQUISITION COSTS

Amounts paid to a client to obtain a long-term contract are being amortized on a straight-line basis over the term of the contract commencing with the date of the first revenues from the contract. Amortization expense for the year ended December 31, 1999, was \$1,614,000. There was no amortization expense during 1998 and 1997.

INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards (SFAS) 109, "Accounting for Income Taxes," which requires recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that 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 then may be reduced by a valuation allowance for amounts that do not satisfy the realization criteria of SFAS 109.

EARNINGS PER SHARE

Earnings per share are computed based upon the weighted average number of common shares and common share equivalents outstanding.

Basic earnings per share are computed by dividing reported earnings available to common stockholders by weighted average shares outstanding. No dilution for any potentially dilutive securities is included. Diluted earnings per share reflect the potential dilution assuming the issuance of common shares for all dilutive potential common shares outstanding during the period. The difference between diluted and basic shares outstanding relates to outstanding stock options.

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

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 accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

SEGMENT REPORTING

In September 1997, the Financial Accounting Standards Board (FASB) issued SFAS 131, "Disclosures About Segments of an Enterprise and Related Information," which establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires those enterprises report selected information about operating segments in interim financial reports issued to stockholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. SFAS 131 requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

LONG-LIVED ASSETS

Long-lived assets and certain identifiable intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired when future undiscounted cash flows are estimated to be insufficient to recover the carrying amount. If impaired, an asset is written down to its fair value.

SELF-INSURANCE PROGRAM

The Company self-insures for certain levels of workers' compensation and employee health insurance. Estimated costs of these self-insurance programs were accrued at the projected settlements for known and anticipated claims. Self-insurance liabilities of the Company amounted to \$2.9 million and \$3.2 million at December 31, 1999 and 1998, respectively.

EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 2000 as amended by SFAS 137. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS 133 may not be applied retroactively and must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997 (and, at the Company's election, before January 1, 1998). Management believes that the impact of SFAS 133 will not significantly affect its financial reporting.

In December 1999, the staff of the Securities and Exchange Commission issued its Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." SAB No. 101 provides guidance on the measurement and timing of revenue recognition in financial statements of public companies. Changes in accounting policies to apply the guidance of SAB No. 101 must be adopted by recording the cumulative effect of the change in the fiscal quarter ending March 31, 2000. The adoption of SAB No. 101 did not effect the Company's method of recognizing revenue.

(2) SEGMENT INFORMATION AND CUSTOMER CONCENTRATIONS

The Company classified its business activities into five fundamental areas: outsourced operations in the United States, facilities management operations, international outsourced operations, technology services and consulting and database marketing and consulting. These areas are separately managed and each has significant differences in capital requirements and cost structures. Outsourced, facilities management and international outsourced operations are reportable business segments with their respective financial performance detailed herein. Technology services and consulting is included in corporate activities as it is not a material business segment. Also included in corporate activities are general corporate expenses and

overall operational management expenses. Assets of corporate activities include unallocated cash, short-term investments and deferred income taxes. There are no significant transactions between the reported segments for the periods presented.

(AMOUNTS IN THOUSANDS)	1999	1998	1997
-----	----	----	----
REVENUES:			
Outsourced.....	\$299,379	\$200,514	\$143,627
Facilities Management.....	94,461	85,694	84,033
International Outsourced.....	134,416	89,791	55,940
Corporate Activities.....	20,820	8,772	1,083
Database Marketing & Consulting.....	55,188	40,106	26,414
	-----	-----	-----
Total.....	\$604,264	\$424,877	\$311,097
	-----	-----	-----
OPERATING INCOME (LOSS):			
Outsourced.....	\$69,463	\$41,495	\$30,243
Facilities Management.....	6,849	11,648	16,159
International Outsourced.....	10,467	7,451	4,538
Corporate Activities.....	(40,822)	(27,080)	(17,513)
Database Marketing & Consulting.....	4,240	(3,134)	(1,771)
	-----	-----	-----
Total.....	\$50,197	\$30,380	\$31,656
	-----	-----	-----
DEPRECIATION AND AMORTIZATION INCLUDED IN OPERATING INCOME:			
Outsourced.....	\$16,514	\$12,688	\$7,463
Facilities Management.....	483	239	522
International Outsourced.....	7,861	5,324	3,206
Corporate Activities.....	5,643	1,312	244
Database Marketing & Consulting.....	2,160	1,293	837
	-----	-----	-----
Total.....	\$32,661	\$20,856	\$12,272
	-----	-----	-----
ASSETS:			
Outsourced.....	\$76,401	\$101,105	\$88,829
Facilities Management.....	11,290	18,121	6,759
International Outsourced.....	106,397	65,614	44,809
Corporate Activities.....	117,396	54,117	54,550
Database Marketing & Consulting.....	51,095	12,772	12,302
	-----	-----	-----
Total.....	\$362,579	\$251,729	\$207,249
	-----	-----	-----
GOODWILL (INCLUDED IN TOTAL ASSETS):			
International Outsourced Goodwill, Net.....	\$10,496	\$6,803	\$7,295
Corporate Activities Goodwill, Net.....	21,581	8,219	--
	-----	-----	-----
Total.....	\$32,077	\$15,022	\$7,295
	-----	-----	-----
CAPITAL EXPENDITURES (INCLUDING CAPITAL LEASES):			
Outsourced.....	\$23,562	\$28,144	\$22,337
Facilities Management.....	434	1,169	50
International Outsourced.....	21,344	5,580	16,070
Corporate Activities.....	16,520	7,047	1,682
Database Marketing & Consulting.....	3,422	1,129	500
	-----	-----	-----
Total.....	\$65,282	\$43,069	\$40,639
	-----	-----	-----

The following geographic data includes revenues based on the location the services are provided and gross property and equipment based on the physical location (in thousands).

	1999	1998	1997
	----	----	----
REVENUES:			
United States.....	\$449,329	\$321,183	\$255,157
Australia.....	49,925	36,958	29,790
Canada.....	35,814	36,852	14,497
Rest of world	69,196	29,884	11,653
	-----	-----	-----
Total.....	\$604,264	\$424,877	\$311,097
	-----	-----	-----
GROSS PROPERTY AND EQUIPMENT:			
United States.....	\$136,526	\$91,922	\$58,467
Australia.....	16,684	11,956	10,622
Canada.....	8,943	5,645	4,790
Rest of world	26,033	14,195	6,271
	-----	-----	-----
Total.....	\$188,186	\$123,718	\$80,150
	-----	-----	-----

The Company's revenues from major customers (revenues in excess of 10% of total sales) are from entities involved in the telecommunications and transportation industries. The revenues from such customers as a percentage of total revenues for each of the three years ended December 31 are as follows:

	1999	1998	1997
	----	----	----
Customer A.....	6%	7%	16%
Customer B.....	9%	11%	21%
Customer C.....	25%	22%	14%
	---	---	---
	40%	40%	51%
	---	---	---
	---	---	---

At December 31, 1999, accounts receivable from Customers A, B and C were \$5.2 million, \$4.7 million and \$8.2 million, respectively. At December 31, 1998, accounts receivable from Customers A, B and C were \$7.1 million, \$7.3 million, and \$13.4 million, respectively. There were no other customers with receivable balances in excess of 10% of consolidated accounts receivable. Customers A and C are included in the outsourced reporting segment. Customer B is included in the facilities management reporting segment.

The loss of one or more of its significant customers could have a materially 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 by economic conditions in the telecommunications, technology, transportation, healthcare, financial services and government services industries, management does not believe significant credit risk exists at December 31, 1999.

(3) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 1999 and 1998 (in thousands):

	1999	1998
	----	----
Land.....	\$51	\$64
Buildings.....	202	258
Computer equipment and software.....	83,700	59,905
Telephone equipment.....	12,631	7,773
Furniture and fixtures.....	33,005	25,620
Leasehold improvements.....	56,946	29,604
Other.....	1,651	494
	-----	-----
	188,186	123,718
Less accumulated depreciation.....	(70,823)	(41,800)
	-----	-----
	\$117,363	\$81,918
	-----	-----

Included in the cost of property and equipment is the following equipment obtained through capitalized leases as of December 31, 1999 and 1998 (in thousands):

	1999	1998
	----	----
Computer equipment and software.....	\$19,284	\$19,600
Telephone equipment.....	2,883	1,906
Furniture and fixtures.....	2,470	8,071
	-----	-----
	24,637	29,577
Less accumulated depreciation.....	(16,404)	(15,274)
	-----	-----
	\$8,233	\$14,303
	-----	-----

Depreciation expense was \$29.5 million, \$19.8 million and \$11.2 million for the years ended December 31, 1999, 1998 and 1997, respectively. Depreciation expense related to leased equipment under capital leases was \$5.9 million, \$5.6 million and \$4.8 million for the years ended December 31, 1999, 1998 and 1997, respectively.

(4) CAPITAL LEASE OBLIGATIONS

The Company has financed property and equipment under non-cancelable 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 8.3% at December 31, 1999. 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, 1999, are as follows (in thousands):

Year Ended December 31,	
2000.....	\$5,159
2001.....	2,428
2002.....	947
2003.....	65

	8,599
Less amount representing interest.....	(803)

	7,796
Less current portion.....	(4,041)

	\$3,755

Interest expense on the outstanding obligations under such leases was \$1,128,000, \$1,154,000 and \$1,468,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

(5) LONG-TERM DEBT

As of December 31, 1999 and 1998, long-term debt consisted of the following notes (in thousands):

	1999	1998
	----	----
Note payable, interest at 8%per annum, principal and interest payable monthly, maturing May 2000.....	\$--	\$58
Note payable, interest at 5%per annum, principal and interest payable quarterly, maturing December 1999.	--	222
Note payable, interest at 8%per annum, principal and interest payable quarterly, maturing March 2001....	1,090	1,673
Note payable, interest at 7%per annum, principal and interest payable quarterly, maturing December 1999.	--	449
Note payable, interest at 8%per annum, principal and interest payable monthly, maturing January 2001....	842	1,448
Note payable, interest at 5%per annum, principal and interest payable monthly, maturing November 2009...	4,935	--
Note payable, interest at 7%per annum, principal and interest payable monthly, maturing July 2002.....	271	--
Note payable, interest at 7%per annum, principal and interest payable monthly, maturing May 2002.....	348	--
Other notes payable.....	881	1,000
	-----	-----

	8,367	4,850
Less current portion.....	(2,718)	(2,338)
	-----	-----
	\$5,649	\$2,512
	-----	-----

Annual maturities of the long-term debt are as follows (in thousands):

Year Ended December 31,

2000.....	\$2,718
2001.....	1,197
2002.....	648
2003.....	529
2004.....	551
Thereafter.....	2,724

	\$8,367

(6) REVOLVING LINE OF CREDIT

In November 1998, the Company entered into a three-year unsecured revolving line of credit agreement with a syndicate of five commercial banks under which it may borrow up to \$50 million. Interest is payable at various interest rates. The borrowings can be made at (a) the bank's base rate or (b) the bank's offshore rate (approximating LIBOR) plus a margin ranging from 50 to 150 basis points depending upon the Company's leverage. In addition, the Company, at its option, can elect to secure up to \$25 million of the line with existing cash investments. Advances under the secured portion will be made at a margin of 22.5 basis points. At December 31, 1999, there was \$18 million outstanding under this agreement. At December 31, 1998, there were no amounts outstanding under this facility. The Company is required to comply with certain minimum financial ratios under covenants in connection with the agreement described above, the most restrictive of which requires the Company to maintain a fixed charge coverage ratio of 3 to 1. Under this agreement, the Company has voluntarily pledged \$15 million of short-term investments at December 31, 1999, as collateral to reduce the interest rate on short-term borrowings. The Company may at its option, elect to unsecure the borrowings at any time. The agreement requires the Company to maintain, among other restrictions, prescribed financial ratios.

The Company's Canadian subsidiary has available an operating loan of CDN\$2.0 million, which is due on demand and bears interest at the bank's prime rate, which was 6.75% at December 31, 1998 and 1999. The operating loan is collateralized by a general security agreement, a partial assignment of accounts receivable insurance in the amount of CDN\$500,000, a partial assignment of life insurance on the former majority shareholder in the amount of CDN\$400,000 and an assignment of fire insurance. As of December 31, 1999 and 1998, there was \$1,323,000 and \$778,000, respectively, outstanding under this operating loan.

The Company's Spanish subsidiary has factoring lines of credit under which it may borrow up to ESP\$1,600 million and ESP\$700 million at December 31, 1999 and 1998, respectively. As of December 31, 1999 and 1998, there was \$2,755,000 and \$298,000 outstanding under these factoring lines.

(7) INCOME TAXES

The components of income before income taxes are as follows (in thousands):

	1999	1998	1997
	----	----	----
Domestic.....	\$46,619	\$20,315	\$29,136
Foreign.....	11,139	10,133	4,401
	-----	-----	-----
Total.....	\$57,758	\$30,448	\$33,537
	-----	-----	-----

The components of the provision for income taxes are as follows (in thousands):

1999	1998	1997
----	----	----

Federal	\$14,888	\$8,297	\$11,116
State	3,378	1,865	2,490
Foreign	5,131	4,417	1,769
	-----	-----	-----
	23,397	14,579	15,375
Deferred provision:			
Federal	(1,724)	(834)	(1,036)
State	(303)	(195)	(190)
Foreign	(392)	(206)	57
	-----	-----	-----
	(2,419)	(1,235)	(1,169)
	-----	-----	-----
	\$20,978	\$13,344	\$14,206
	-----	-----	-----

The following reconciles the Company's effective tax rate to the federal statutory rate for the years ended December 31, 1999, 1998 and 1997 (in thousands):

	1999	1998	1997
	----	----	----
Income tax expense per federal statutory rate.....	\$18,634	\$10,063	\$11,666
State income taxes, net of federal deduction.....	2,181	908	1,360
Permanent differences.....	(1,706)	966	775
Foreign income taxed at higher rate.....	1,869	1,407	405
	-----	-----	-----
	\$20,978	\$13,344	\$14,206
	-----	-----	-----

The Company's deferred income tax assets and liabilities are summarized as follows (in thousands):

	1999	1998
	----	----
Deferred tax assets:		
Allowance for doubtful accounts.....	\$1,417	\$1,210
Vacation accrual.....	1,377	1,202
Compensation.....	1,025	1,348
Insurance reserves.....	796	644
State tax credits.....	510	70
Net operating loss carryforward.....	981	2,473
Other	431	344
	-----	-----
	6,537	7,291
	-----	-----
Long-term deferred tax assets:		
Depreciation and amortization.....	746	--
Deferred tax liabilities:		
Depreciation and amortization.....	--	(841)
	-----	-----
Total	7,283	6,450
Less valuation allowance	(1,844)	(3,430)
	-----	-----
Net deferred income tax asset.....	\$5,439	\$3,020
	-----	-----

A valuation allowance been recorded to the extent that the Company expects the deferred tax assets to be realized in the future.

(8) COMMITMENTS AND CONTINGENCIES

LEASES. The Company has various operating leases for equipment, customer interaction centers and office space. Lease expense under operating leases was approximately, \$16,572,000, \$13,149,000 and \$8,737,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

The future minimum rental payments required under non-cancelable operating leases as of December 31, 1999, are as follows (in thousands):

Year ended December 31,

2000	\$16,552
2001	13,310
2002	10,053
2003	8,908
2004	6,890
Thereafter	30,844

	\$86,557

LEGAL PROCEEDINGS. In November 1996, the Company received notice that CompuServe Incorporated (CompuServe) was withdrawing its WOW! Internet service from the marketplace and that effective January 31, 1997, it would terminate all the programs provided to CompuServe by the Company. Pursuant to the terms of its agreement with the Company, CompuServe was entitled to terminate the agreement for reasonable business purposes upon 120 days advance notice and by payment of a termination fee calculated in accordance with the agreement. In December 1996, the Company filed suit against CompuServe to enforce these termination provisions and collect the termination fee. CompuServe filed a counterclaim in December 1996 alleging that the Company breached other provisions of this agreement and seeking unspecified monetary damages. In March 1997, CompuServe asserted a right to offset, against the amount that may be awarded to CompuServe on its counterclaim, if any, certain accounts receivable it owed to the Company for services rendered. These accounts receivable totaled \$4.3 million.

In mid-1997, CompuServe announced it had agreed to sell its worldwide on-line services business to America Online, Inc. and its network services business to a wholly owned subsidiary of WorldCom, Inc. In July 1999, the Company reached a settlement with CompuServe and other parties whereby the Company would receive \$12.0 million in final settlement, of which \$5.5 million was received on August 10, 1999, and the remainder was paid in the fourth quarter of 1999. As a result, the Company recorded a gain of \$6.7 million during 1999.

(9) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) profit-sharing plan that covers all employees who have completed one year of service, as defined, and are 21 or older. Participants may defer up to 15% of their gross pay up to a maximum limit determined by law. Participants are always 100% vested in their contributions. Participants are also eligible for a matching contribution by the Company of 50% of the first 5% of compensation a participant contributes to the plan. Participants vest in all matching contributions over a four-year period.

(10) STOCK COMPENSATION 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 7.0 million shares of common stock and permits the award of incentive stock options, non-qualified options, stock appreciation rights and restricted stock. Outstanding options vest over a three- to five-year period and are exercisable for 10 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 nine months after the option date. Options granted are exercisable for 10 years from the date of grant unless a participant is terminated for cause or one year after a participant's death. The Director Plan had options to purchase 423,000, 418,750 and 337,500 shares outstanding at December 31, 1999, 1998 and 1997, respectively.

In July 1996, the Company adopted an employee stock purchase plan (the ESPP). Pursuant to the ESPP, an aggregate of 200,000 shares of common stock of the Company will be sold in periodic offerings to eligible employees of the Company. The price per share purchased in any offering period is equal to the lesser of 90% of the fair market value of the common stock on the first day of the offering period or on the purchase date. The offering periods have a term of nine months. Contributions to the plan for the years ended December 31, 1997, 1998 and 1999 were \$419,000, \$334,000 and \$279,000, respectively.

In February 1999, the Company adopted the TeleTech Holdings, Inc. 1999 Stock Option and Incentive Plan (the 1999 Option Plan). The purpose of the 1999 Option Plan is to enable the Company to continue to (a) attract and retain high quality directors, officers, employees and potential employees, consultants and independent contractors of the Company or any of its subsidiaries, (b) motivate such persons to promote the long-term success of the business of the Company and its subsidiaries and (c) to induce employees of companies that are acquired by TeleTech to accept employment with TeleTech following such an acquisition. The 1999 Option Plan supplements the TeleTech Holdings, Inc. Stock Plan, as amended and restated, which was adopted by the Company in January 1995.

An aggregate of 5.0 million shares of common stock have been reserved for issuance under the 1999 Option Plan, which permits the award of incentive stock options, non-qualified stock options and shares of restricted common stock. The 1999 Option Plan also authorizes the award of phantom stock and appreciation rights (SARs).

In connection with the acquisition of Newgen, which was accounted for under the pooling of interest method, as more fully discussed in Note 16, the Company has assumed Newgen's 1998 Equity Incentive Plan and 1996 Equity Incentive Plan.

STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 123 (SFAS 123). The FASB's SFAS 123, "Accounting for Stock Based Compensation," defines a fair value based method of accounting for an employee stock option, employee stock purchase plan 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 SFAS 123 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 using the Black-Scholes option pricing model as prescribed by SFAS 123 and the following weighted average assumptions used for grants:

	1997 ----	1998 ----	1999 ----
Risk-free interest rate.....	5.4%	5.2%	5.9%
Expected dividend yield.....	0%	0%	0%
Expected lives	3.2 years	6.0 years	5.3 years
Expected volatility.....	70%	70%	79%

The pro forma compensation expense was computed to be the following approximate amounts:

Year ended December 31, 1999.....	\$8,870,000
Year ended December 31, 1998.....	\$8,831,000
Year ended December 31, 1997.....	\$4,121,000

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:

NET INCOME (AMOUNTS IN THOUSANDS)

	1999 ----	1998 ----	1997 ----
As reported.....	\$36,780	\$17,104	\$19,331
Pro forma.....	\$31,024	\$11,733	\$16,817

PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

	1999 ----	1998 ----	1997 ----
As reported:			
Basic.....	\$.51	\$.24	\$.30
Diluted.....	\$.49	\$.24	\$.27
Pro forma:			
Basic.....	\$.41	\$.16	\$.26
Diluted.....	\$.41	\$.16	\$.24

A summary of the status of the Company's three stock option plans for the three years ended December 31, 1999, together with changes during each of the years then ended, is presented in the following table:

	SHARES	WEIGHTED AVERAGE PRICE PER SHARE
	-----	-----
Outstanding, December 31, 1996.....	5,070,290	\$5.76
Grants.....	1,373,500	11.89
Exercises.....	(470,272)	4.08
Forfeitures.....	(530,320)	9.77
	-----	-----
Outstanding, December 31, 1997.....	5,443,198	7.02
	-----	-----
Grants.....	3,496,090	11.37
Exercises.....	(249,840)	4.02
Forfeitures.....	(1,669,562)	13.02
	-----	-----
Outstanding, December 31, 1998.....	7,019,886	7.94
	-----	-----
Grants.....	7,246,933	8.70
Exercises.....	(850,802)	6.40
Forfeitures.....	(1,853,792)	10.17
	-----	-----
Outstanding, December 31, 1999.....	11,562,225	8.43
	-----	-----
Options exercisable at year-end:		
1999	2,578,417	\$4.71
	-----	-----
1998	2,165,742	\$5.43
	-----	-----
1997	1,504,345	\$6.02
	-----	-----
Weighted average fair value of options granted during the year:		
1999		\$4.90

1998		\$7.93

1997		\$5.76

The following table sets forth the exercise price range, number of shares, weighted average exercise price and remaining contractual lives at December 31, 1999:

EXERCISE PRICE RANGE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE CONTRACTUAL LIFE
-----	-----	-----	-----
\$0.63-\$0.94	62,984	\$0.81	7
\$1.13-\$1.13	266,224	\$1.13	8
\$1.29-\$5.00	1,658,296	\$2.37	6
\$5.62-\$6.00	814,292	\$5.81	9
\$6.13-\$6.13	1,380,684	\$6.13	9
\$6.18-\$7.00	1,643,240	\$6.56	9
\$7.06-\$9.50	1,698,273	\$8.72	8
\$9.56-\$12.75	1,671,168	\$11.51	9
\$12.88-\$15.16	1,767,764	\$13.44	9
\$15.50-\$34.06	599,300	\$19.19	9

(11) FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of cash equivalents and other current accounts receivable and payable approximate the carrying amounts due to their short-term nature. Short-term investments include primarily U.S. government Treasury bills, investments in commercial paper, short-term corporate bonds and other short-term corporate obligations. These investments are classified as held to maturity securities and are measured at amortized cost. The carrying values of these investments approximate their fair values.

Debt and long-term receivables carried on the Company's consolidated balance sheet at December 31, 1999 and 1998 have a carrying value that is not significantly different than its estimated fair value. The fair value 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.

(12) RELATED PARTY TRANSACTIONS

The Company has entered into agreements pursuant to which the Company uses aircraft services which Kenneth D. Tuchman, chairman of the board of the Company, has a direct or indirect beneficial interest. During 1999 and 1998, the Company paid an aggregate of \$440,000 and \$480,000, respectively, for use of the aircraft services.

During 1998, the Company entered into an employment agreement with Morton H. Meyerson, a director of the Company, pursuant to which Mr. Meyerson has agreed to render certain advisory and consulting services to the Company. As compensation for such services, the Company has granted to Mr. Meyerson an option with an exercise price of \$9.50 per share. The option vests over five years and is subject to accelerated vesting if and to the extent that the closing sales price of the common stock during the term equals or exceeds certain levels. Under the terms of the option, the exercise price is required to be paid by delivery of TeleTech shares to the Company and provides that Mr. Meyerson will receive no more than 200,000 shares of common stock, net of the shares received by the Company for exercise consideration.

The Company utilizes the services of EGI Risk Services, Inc. for reviewing, obtaining and/or renewing various insurance policies. EGI Risk Services, Inc. is a wholly-owned subsidiary of Equity Group Investments, Inc. Rod Dammeyer, a director of the Company, is the managing partner of Equity Group Investments, Inc., and Samuel Zell, a former director of the Company, is chairman of the board. During the years ended December 31, 1999, 1998 and 1997, the Company incurred, \$3,521,000, \$2,288,000 and \$1,166,000 respectively, for such services.

The Company provided reservation call handling services to Midway Airlines Corporation (Midway), a majority-owned subsidiary of Zell/Chilmark Fund, L.P. Samuel Zell, a former director of the Company, is an affiliate of Zell/Chilmark Fund, L.P., and Rod Dammeyer, a director of the Company and a member of the Audit Committee of the board of directors, is the managing director of Zell/Chilmark Fund, L.P. During the years ended December 31 1997, the Company charged Midway an aggregate of \$841,000 for services rendered by the Company. Services to Midway were discontinued in 1997.

(13) CONTRACT ACQUISITION COSTS

In September 1998, the Company paid \$10.9 million to obtain a long-term contract with a significant client in the telecommunications industry. This amount is recorded as contract acquisition cost in the accompanying balance sheet and is being amortized over the nine-year term of the contract commencing with the opening of the first customer interaction center in the first quarter of 1999. Amortization expense for the year ended December 31, 1999, was \$1,614,000.

(14) ACQUISITIONS

On March 18, 1999, the Company acquired 100% of the common stock of Pamet River, Inc. (Pamet) for approximately \$1,821,000 in cash and 285,711 shares of common stock in the Company. Pamet is a global marketing company offering end-to-end marketing solutions by leveraging Internet and database technologies. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 20 years. The operations of Pamet for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

On March 31, 1999, the Company acquired 100% of the common stock of Smart Call S.A. (Smart Call) for approximately \$2,350,000 in cash including costs related to the acquisition. Smart Call is based in Buenos Aires, Argentina,

and provides a wide range of customer management solutions to Latin American and multinational companies. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 20 years. The operations of Smart Call for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

As a part of the Smart Call acquisition, the Company paid \$300,000, including costs associated with the transaction, for the option to acquire Connect S.A. (Connect), a sister company with additional customer management systems integration capabilities. The option has been accounted for as an other asset.

On October 12, 1999, the Company acquired 100% of the common stock of Connect for approximately \$2,300,000 in cash including costs related to the acquisition. The former owners of Connect will also be entitled to an earn-out premium based on the results of the Company's consolidated operations in Argentina in 2000. Connect is located in Buenos Aires, Argentina, and provides customer relationship management solutions to Latin American and multinational companies in a variety of industries. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 20 years. The operations of Connect for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

The previous owners of Smart Call and Connect have the ability to earn a contingent payment of between \$250,000 and \$2,500,000 during 2000 and 2001. The contingent payment is based on reaching revenue and profitability targets.

On December 15, 1999, the Company invested \$2.5 million in a customer relationship management software company. On January 27, 2000, an additional investment of \$7.1 million was made in the same customer relationship management software company. The total ownership interest after the two investments is in excess of 7%. This investment is accounted for in long-term other assets.

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

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

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

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

The table below sets forth the results of operations of the previously separate enterprises for the period prior to the consummation of the June 1998 business combinations during the periods ended December 31, 1998 and 1997 (in thousands):

	TELETECH -----	DIGITAL -----	EDM ---	ADJUSTMENTS -----	COMBINED -----
1998:					
Revenues	\$136,244	\$2,038	\$10,258	\$(1,171)	\$147,369
Net income	6,972	136	654	-	7,762
1997:					
Revenues	\$263,477	\$2,521	\$14,497	\$(1,438)	\$279,057
Net income	20,273	276	785	-	21,334

On August 26, 1998, the Company consummated a business combination with Outsource Informatica Ltda. (Outsource), a leading Brazilian customer management provider, which included the issuance of 606,343 shares of Company common stock. This business combination was accounted for as a pooling of interests. The operations of Outsource prior to the acquisition are immaterial to all periods presented.

On December 31, 1998, the Company acquired 100% of the common stock of Cygnus Computer Associates Ltd. (Cygnus) for approximately \$660,000 in cash and 324,744 shares of common stock in the Company. Cygnus is a Canadian provider of systems integration and call center solutions. The transaction has been accounted for as a purchase and goodwill will be amortized using the straight-line method over 10 years. The Company has also agreed to pay contingent consideration of up to CDN\$4.8 million if Cygnus achieves certain levels of operating income in 1999 and 2000. Due to the uncertainty surrounding the achievement of these targets, none of the contingent consideration has been reflected as a liability in the accompanying financial statements. The operations of Cygnus for all periods prior to the acquisition are immaterial to the results of the Company and, accordingly, no pro forma financial information has been presented.

In May 1997, the Company acquired 100% of the common stock of Telemercadeo Integral, S.A. (TMI) for total consideration of \$4.2 million, consisting of 100,000 shares of the Company's common stock and cash of \$2.4 million. TMI is a customer management provider in Mexico. The acquisition was accounted for using the purchase method. The excess of cost of the acquisition over the underlying net assets of \$4.4 million is being amortized using the straight-line method over 25 years.

(15) SALE OF JOINT VENTURE

On September 21, 1998, the Company sold its 50% interest in Access 24 UK to Priplan Investments, Ltd. for cash consideration of approximately \$1.0 million. The Company incurred \$129,000 in costs relating to the disposal of this joint venture in the third quarter 1998.

(16) SUBSEQUENT EVENTS

On August 31, 2000, the Company and CCH entered into a definitive Share Purchase Agreement, which included the exchange of 3,264,000 shares of the Company's common stock for all of the issued share capital of CCH. The business combination was accounted for as a pooling of interest, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of CCH for all periods presented.

On December 20, 2000, the Company consummated a business combination with Newgen which included the exchange of 8,283,325 shares of the Company's common stock for all of the issued shares of Newgen. The business combination was accounted for as a pooling of interest, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of Newgen for all periods presented.

The supplemental consolidated financial statements have been prepared to give retroactive effect to the business combinations with CCH and Newgen in August 2000 and December 2000, respectively. Generally accepted accounting principles prohibit giving effect to consummated business combinations accounted for by the pooling of interest method in financial statements that do not include the date of consummation. The accompanying supplemental consolidated financial statements do not extend through the date of consummation, however, they will become the historical consolidated financial statements of the Company after financial statements covering the date of consummation of the business is issued.

The table below sets forth the combined revenues and net income for the years ended December 31, 1999, 1998, and 1997 (in thousands):

	THI ---	CCH ---	NEWGEN -----	COMBINED -----
1999:				
Revenues.....	\$509,268	\$39,808	\$55,188	\$604,264
Net income.....	29,090	2,855	4,835	36,780
1998:				
Revenues.....	\$369,045	\$15,726	\$40,106	\$424,877
Net income.....	19,202	1,105	(3,203)	17,104

1997:					
	Revenues.....	\$279,057	\$5,626	\$26,414	\$311,097
	Net income.....	21,334	186	(2,189)	19,331

(17) QUARTERLY FINANCIAL DATA (UNAUDITED) (AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FIRST QUARTER -----	SECOND QUARTER -----	THIRD QUARTER -----	FOURTH QUARTER -----
YEAR ENDED DECEMBER 31, 1999:				
Revenues	\$131,579	\$142,994	\$148,862	\$180,829
Income from operations	9,989	11,720	12,931	15,557
Net income	6,301	7,557	12,943	9,979
Net income per common share:				
Basic	.09	.11	.18	.14
Diluted	.09	.10	.17	.13

	FIRST QUARTER -----	SECOND QUARTER -----	THIRD QUARTER -----	FOURTH QUARTER -----
YEAR ENDED DECEMBER 31, 1998:				
Revenues	\$93,449	\$102,132	\$106,131	\$123,165
Income from operations	6,906	7,453	7,953	8,068
Net income	4,166	4,093	4,327	4,518
Net income per common share:				
Basic	.06	.06	.06	.06
Diluted	.06	.06	.06	.06

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

	SEPTEMBER 30, 2000

CURRENT ASSETS:	(UNAUDITED)
Cash and cash equivalents.....	\$35,710
Short-term investments.....	47,945
Investment securities available for sale.....	28,609
Accounts receivable, net of allowance for doubtful accounts of \$6,110 and \$4,270 respectively..	183,642
Prepays and other assets.....	7,979
Deferred tax asset.....	--

Total current assets.....	303,885

PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$96,040 and \$70,823, respectively.....	164,495

OTHER ASSETS:	
Long-term accounts receivable.....	4,300
Goodwill, net of accumulated amortization of \$5,169 and \$3,210, respectively.....	30,143
Contract acquisition cost, net of accumulated amortization of \$3,231 and \$1,614, respectively..	13,269
Deferred tax asset.....	550
Other assets.....	10,385

Total assets.....	\$527,027

CURRENT LIABILITIES:	
Current portion of long-term debt and capital lease obligations.....	\$13,899
Bank overdraft.....	--
Accounts payable.....	11,385
Accrued employee compensation.....	24,900
Accrued income taxes.....	14,996
Deferred income taxes.....	2,822
Other accrued expenses.....	35,407
Customer advances, deposits and deferred income.....	4,903

Total current liabilities.....	108,312

LONG-TERM DEBT, net of current portion:	
Capital lease obligations.....	928
Revolving line-of-credit.....	55,000
Deferred Rent.....	--
Other debt	2,191

Total liabilities.....	166,431

MINORITY INTEREST, in consolidated subsidiaries.....	6,025

STOCKHOLDERS' EQUITY:	
Stock purchase warrants.....	5,100
Common stock; \$.01 par value; 150,000,000 shares authorized; 74,373,730 and 73,113,938 shares, respectively, issued; and outstanding.....	743
Additional paid-in capital.....	194,604
Deferred compensation.....	(709)
Notes receivable from stockholders.....	(140)
Accumulated other comprehensive loss.....	10,207
Retained earnings.....	144,766

Total stockholders' equity.....	354,571

Total liabilities and stockholders' equity.....	\$527,027

The accompanying notes are an integral part of these
consolidated financial statements.

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

	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
REVENUES	\$641,507	\$423,434
OPERATING EXPENSES:		
Costs of services.....	414,548	281,044
Other operating expenses.....	165,647	107,749
Loss on closure of subsidiary.....	3,419	--
Total operating expenses.....	583,614	388,793
INCOME FROM OPERATIONS.....	57,893	34,641
OTHER INCOME (EXPENSE):		
Interest expense.....	(3,614)	(1,967)
Interest income.....	4,171	2,438
Gain on sale of securities.....	44,851	--
Gain on settlement of long-term contract.....	--	6,726
Other.....	497	229
Total other income.....	45,905	7,426
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST.....	103,798	42,067
Provision for income taxes.....	37,609	15,267
INCOME BEFORE MINORITY INTEREST.....	66,189	26,800
Minority interest, net of income taxes.....	(925)	--
NET INCOME.....	65,264	26,800
Adjustment for accretion of redeemable convertible preferred stock.....	--	(487)
Net income applicable to common stockholders.....	\$65,264	\$26,313
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic.....	73,890	69,755
Diluted.....	79,082	73,380
NET INCOME PER SHARE		
Basic.....	\$0.88	\$0.38
Diluted.....	\$0.83	\$0.37

The accompanying notes are an integral part of these consolidated financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	2000	1999
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.....	\$65,264	\$26,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	33,794	22,858
Minority interest.....	925	--
Allowance for doubtful accounts.....	1,808	335
Deferred income taxes.....	(1,073)	(355)
Deferred rent.....	(39)	(31)
Gain on sale of securities.....	(44,851)	--
Net gain on asset dispositions.....	(545)	574
Deferred compensation.....	256	302
Non-cash deal costs.....	1,800	--
Tax benefit from exercise of stock options.....	7,886	753
Changes in assets and liabilities:		
Accounts receivable.....	(84,001)	(12,172)
Prepays and other assets.....	(1,337)	(1,447)
Accounts payable and accrued expenses.....	23,483	8,730
Customer advances, deposits and deferred income.....	(3,285)	120
	-----	-----
Net cash provided by (used in) operating activities.....	85	46,467
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment.....	(81,475)	(42,781)
Proceeds from sale of property and equipment.....	22	--
Proceeds from sale of available-for-sale securities.....	50,634	--
Acquisition, net of cash required.....	(600)	(1,462)
Purchase of Smart Call.....	--	(2,590)
Proceeds from sale of HPH.....	5,400	--
Contract acquisition costs.....	(4,389)	--
Investment in customer relationship management software company.....	(7,989)	--
Proceeds from minority interest in subsidiary.....	5,100	--
Changes in accounts payable and accrued liabilities related to investing activities	(3,620)	(203)
Decrease (increase) in short-term investments.....	6,503	(12,492)
	-----	-----
Net cash used in investing activities.....	(30,414)	(59,528)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings.....	--	(493)
Net increase (decrease) from lines of credit.....	37,000	22,200
Net increase (decrease) on long-term debt and capital lease obligations.....	833	(5,401)
Proceeds from exercise of stock options, net of tax benefit.....	10,354	1,560
Proceeds from issuance of stock.....	279	32,164
Distributions to stockholder.....	(1,171)	--
	-----	-----
Net cash provided by financing activities	47,295	50,030
Effect of exchange rate changes on cash.....	(3,333)	(2,227)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	13,633	34,742
CASH AND CASH EQUIVALENTS, beginning of period.....	22,077	10,283
	-----	-----
CASH AND CASH EQUIVALENTS, end of period.....	\$35,710	\$45,025
	-----	-----

The accompanying notes are an integral part of these consolidated
financial statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED SUPPLEMENTAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

NOTE (1)--BASIS OF PRESENTATION

The accompanying unaudited supplemental condensed consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. The supplemental condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) which, in the opinion of management, are necessary to present fairly the financial position as of September 30, 2000, and the results of operations and cash flows of TeleTech Holdings, Inc. and subsidiaries (THI or the Company) for the periods then ended. Operating results for the nine months ended September 30, 2000 and 1999 are not necessarily indicative of the results that may be expected for a full year of operations.

The unaudited supplemental condensed consolidated financial statements should be read in conjunction with the audited supplemental consolidated financial statements and footnotes thereto included in this filing.

NOTE (2)--RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instrument and Hedging Activities," establishes fair value accounting and reporting standards for derivative instruments and hedging activities. The effective date of SFAS No. 133 was deferred until January 1, 2001 by the issuance of SFAS No. 137. Management anticipates that the adoption of SFAS No. 133 will not materially effect the Company. Currently, the only derivative type instruments the Company is participating in relates to purchasing forward contracts of Canadian dollars. The Company anticipates that these contracts will be settled by January 1, 2001 and the current difference between the market value of these outstanding contracts and the cost of the contracts are not material.

NOTE (3) - ACQUISITIONS

On August 31, 2000, the Company and CCH entered into a definitive Share Purchase Agreement, which included the exchange of 3,263,816 shares of the Company's common stock for all of the issued share capital of Contact Center Holdings, S.L. ("CCH"). The business combination was accounted for as a pooling of interests, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of CCH for all periods presented. The consolidated financial statements have been prepared to give retroactive effect to the business combination with CCH in August 2000.

The table below sets forth the combined revenues and net income of the previously separate enterprises for the period prior to the consummation of the combinations during the nine months ended September 30, 2000 and 1999 (in thousands):

	THI ---	CCH ---	COMBINED -----
NINE MONTHS ENDED SEPTEMBER 30, 2000:			
Revenues.....	\$474,582	\$38,540	\$513,122
Net income.....	55,963	2,259	58,222
1999:			
Revenues.....	\$357,334	\$26,233	\$383,567
Net income.....	21,096	2,136	23,232

NOTE (4)--SUBSEQUENT EVENTS

In November 2000, the Company acquired the customer care division of Boston Communications Group in an asset purchase transaction accounted for under the purchase method of accounting. Boston Communications Group's customer care division provides 24x7 inbound customer care solutions for the wireless industry. The Company purchased the customer care division in a cash transaction valued at \$15 million, including a \$13 million cash payment and assumption of approximately \$2 million of liabilities.

On December 20, 2000, the Company consummated a business combination with Newgen Results Corporation ("Newgen") which included the exchange of 8,283,325 shares of the Company's common stock for all of the issued shares of Newgen. The business combination was accounted for as a pooling of interest, and accordingly, the historical financial statements of the Company have been restated to include the financial statements of Newgen for all periods presented.

The supplemental consolidated financial statements have been prepared to give retroactive effect to the business combination with Newgen in December. Generally accepted accounting principles prohibit giving effect to a consummated business combination accounted for by the pooling of interest method in financial statements that do not include the date of consummation. The accompanying supplemental consolidated financial statements do not extend through the date of consummation, however, they will become the historical consolidated financial statements of the Company after financial statements covering the date of consummation of the business is issued.

The table below sets forth the combined revenues and net income for the nine months ended September 30, 2000 and 1999 (in thousands):

	THI ---	NEWGEN -----	COMBINED -----
NINE MONTHS ENDED SEPTEMBER 30, 2000:			
Revenues.....	\$582,570	\$58,937	\$641,507
Net income.....	58,866	6,398	65,264
1999:			
Revenues.....	\$383,567	\$39,867	\$423,434
Net income.....	23,232	3,081	26,800

NOTE (5)-- SEGMENT INFORMATION AND CUSTOMER CONCENTRATIONS

The Company classified its business activities into five fundamental areas: outsourced operations in the United States, facilities management operations, international outsourced operations, Database marketing and consulting, and technology services and consulting. These areas are separately managed and each has significant differences in capital requirements and cost structures. Outsourced, facilities management and international outsourced operations are reportable business segments with their respective financial performance detailed herein. Technology services and consulting is included in corporate activities as it is not a material business segment. Also included in corporate activities are general corporate expenses and overall operational management expenses. Assets of corporate activities include unallocated cash, short-term investments and deferred income taxes. There are no significant transactions between the reported segments for the periods presented.

(AMOUNTS IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
REVENUES:	-----	-----
Outsourced.....	\$278,673	\$213,145

Facilities Management.....	85,833	64,289
International Outsourced.....	208,990	88,493
Corporate Activities.....	9,074	17,640
Database Marketing and Consulting.....	58,937	39,867
	-----	-----
Total.....	\$641,507	\$423,434
	-----	-----

OPERATING INCOME (LOSS):

Outsourced.....	\$62,821	\$48,007
Facilities Management.....	10,070	4,172
International Outsourced.....	31,469	6,540
Corporate Activities.....	(52,518)	(27,304)
Database Marketing and Consulting.....	6,051	3,226
	-----	-----
Total.....	\$57,893	\$34,641
	-----	-----

ASSETS:	SEPTEMBER 30, 2000	DECEMBER 31, 1999
	-----	-----
Outsourced.....	\$115,238	\$76,401
Facilities Management.....	14,088	11,290
International Outsourced.....	178,207	106,397
Corporate Activities.....	159,810	117,396
Database Marketing and Consulting.....	59,684	62,095
	-----	-----
Total.....	\$527,027	\$362,579
	-----	-----
GOODWILL (INCLUDED IN TOTAL ASSETS):		
International Outsourced Goodwill, Net.....	\$10,508	\$10,496
Corporate Activities Goodwill, Net.....	19,635	21,581
	-----	-----
Total.....	\$30,143	\$32,077
	-----	-----

The following geographic data include revenues based on the location the services are provided (in thousands):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
	-----	-----
REVENUES:		
United States.....	\$412,852	\$320,115
Canada.....	58,364	36,930
Europe.....	47,803	24,622
Australia.....	43,144	10,692
Latin America	56,835	30,359
Rest of world.....	22,509	716
	-----	-----
Total.....	\$641,507	\$423,434
	-----	-----

NOTE (6)--SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES (IN THOUSANDS):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
Cash paid for interest.....	\$ 1,260	\$ 1,977
Cash paid for income taxes.....	\$10,138	\$15,444
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Assets acquired through capital leases.....	\$ --	\$ 1,468
Issuance of stock purchase warrants in connection with the formation of joint venture.....	\$ 5,100	\$ --
Accretion of redeemable preferred stock.....	\$ --	\$ 487
Stock issued in purchase of Pamet.....	\$ --	\$ 1,753

NOTE (7)--COMPREHENSIVE INCOME (IN THOUSANDS)

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). The purpose of SFAS 130 is to report a measure of all changes in equity that result from recognized transactions and other economic events of the period other than transactions with owners in their capacity as owners. The only item of other comprehensive income reported by the Company is the cumulative translation adjustment. The Company's comprehensive income for the nine months ended September 30, 2000 and 1999 was as follows (in thousands):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
Net income for the period	\$65,264	\$26,800
Change in cumulative translation adjustment	(16,885)	515
Unrealized gain on securities available for sale, net of tax effect	14,856	--
Comprehensive income	\$63,235	\$27,315

NOTE (8)--FORD JOINT VENTURE

During the first quarter of 2000, the Company and Ford Motor Company ("Ford") formed the Percepta LLC. In connection with this formation, the Company issued stock purchase warrants to Ford entitling Ford to purchase 750,000 shares of TeleTech common stock. These warrants were valued at \$5.1 million using the Black Scholes Option model.

NOTE (9)--LEASE COMMITMENT

In March, 2000 the Company and State Street Bank and Trust Company of Connecticut ("State Street") entered into a lease agreement (the "Agreement") whereby State Street acquired 12 acres of land in Arapahoe County, Colorado for approximately \$5.2 million for the purpose of constructing a new corporate headquarters for the Company. In June, 2000 the Agreement was amended to provide for the construction of the building. The total estimated cost of the land and building provided for under the Agreement is \$30 million. Rent expense will commence upon completion of the building, which is estimated to be in the first quarter of 2001. The rental expense will be based upon the total project costs times a floating rate factor based on a spread of 100 to 175 basis points over LIBOR.

NOTE (10)--INVESTMENT IN AVAILABLE-FOR-SALE SECURITIES

In December 1999 and January 2000, the Company invested a total of \$9.6 million in a privately held customer relationship management software company which resulted in an ownership of approximately 7%. In June, 2000, this company merged with E.piphany, Inc., a publicly traded customer

relationship management company. As a result of the merger, TeleTech received 825,000 shares of E.piphany common stock. During the three and nine months ended September 30, 2000, the Company sold 290,000 and 442,200 shares, respectively, of E.piphany for total proceeds of \$35.9 million and \$50.6 million, respectively, which resulted in a realized gain of \$32.1 million and \$44.9 million, respectively. The remaining 382,800 shares of E.piphany are reflected in the accompanying September 30, 2000 balance sheet as an available for sale security recorded at their fair market value of \$28.6. Accordingly, they are reflected at their market value with the corresponding unrealized gain reflected in other comprehensive income, net of tax.

NOTE (11)-ASSET DISPOSITIONS

In July 2000, the Company sold a division of its Australian subsidiary, which provides services in the healthcare industry, for cash of approximately \$5.4 million. This sale resulted in a gain recognized in the third quarter of 2000 of approximately \$4.0 million. The operating results, assets and liabilities of this division are not material to the consolidated operating results assets and liabilities of the Company.

In September 2000, the Company closed its Pamet River subsidiary, which provided marketing solutions by leveraging Internet and database technologies. The Company closed the subsidiary due to weak operating performance and incompatibility with the Company's key strategic initiatives. It was more cost effective to close the operation than to seek a buyer. The disposal resulted in a \$3.4 million loss, which is included as an operating expense in the accompanying statement of income.

Item 7. Financial Statements and Exhibits

(c) Exhibits

The following exhibits are filed as part of this Current Report on Form 8-K:

Exhibit Number	Exhibit
23.1	Consent of Arthur Andersen LLP

SIGNATURE

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

TeleTech Holdings, Inc.

By: /s/ Margot O'Dell

Chief Financial Officer

Dated: January 29, 2001

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated February 14, 2000 (except for the matters discussed in Note 16, as to which the date is August 31, 2000 and December 20, 2000), included in this Current Report on Form 8-K, into TeleTech Holdings, Inc.'s previously filed Registration Statement File Nos. 333-17569, 333-60001, 333-64575, 333-78477, 333-82405, 333-47142, 333-48190, 333-51550 and 333-52352. It should be noted that we have not audited any financial statements of the company subsequent to December 31, 1999 or performed any procedures subsequent to February 14, 2000 (except for the matters discussed in Note 16, as to which the date is August 31, 2000 and December 20, 2000).

Denver, Colorado
January 26, 2001