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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission file number 0-21055

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

DELAWARE	84-1291044
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1700 LINCOLN STREET, SUITE 1400 DENVER, COLORADO	80203
(Address of principal executive office)	(Zip Code)

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

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

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

YES ------- NO X -------

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

Class of Common Stock	Outstanding at August 7, 1996
Common Stock, par value $.01 per share	54,947,430

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TELETECH HOLDINGS, INC.

FORM 10-Q

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

ASSETS

	December 31, 1995	June 30, 1996 (unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 42	$ 1,327
Short-term investments	10,361	8,304
Accounts receivable, net of allowance for doubtful accounts of $789 and $1,272, respectively	9,786	26,295
Prepaids and other assets	238	592
Deposits	220	436
Deferred tax asset	486	638
Total current assets	21,133	37,592
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $6,059 and $7,837, respectively	9,104	19,244
OTHER ASSETS:		
Deferred contract costs (net of amortization of $506 at June 30)	346	1,907
Goodwill (net of amortization of $132)	-	2,130
Investment in affiliated company accounted for under the method	-	693
Deferred tax asset	-	496
Other assets	-	1,189
Total assets	$ 30,583	$ 63,251

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

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

LIABILITIES AND STOCKHOLDERS EQUITY

	December 31, 1995	June 30, 1996 (unaudited)
CURRENT LIABILITIES:		
Bank overdraft	$ 1,427	$ -
Short term borrowings	1,000	9,000
Current portion of capital lease obligations	1,256	3,286
Current portion of other long-term debt	196	171
Accounts payable	2,604	6,538
Accrued employee compensation	1,743	4,266
Other accrued expenses	1,262	5,892
Customer advances, deposits and deferred income	340	1,706
Total current liabilities	9,828	30,859
DEFERRED TAX LIABILITIES	507	-
LONG-TERM DEBT, net of current portion:		
Capital lease obligations	3,193	6,778
Other debt	397	577
Total liabilities	13,925	38,214
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK:		
$6.45 par value, 1,860,000 shares authorized 1,860,000 shares issued and outstanding including accrued dividends of $867 and $1,290, respectively	12,867	13,290
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value, 50,000,000 shares authorized, 40,700,000 and 41,746,200 shares issued and outstanding	407	417
Additional paid-in capital	1,847	7,067
Cumulative translation adjustment	-	147
Unearned compensation-restricted stock	-	(317)
Retained earnings	1,537	4,433
Total stockholders' equity	3,791	11,747
Total liabilities and stockholders' equity	$30,583	$63,251

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

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands except per share amounts)
(Unaudited)

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1996	Six Months Ended June 30, 1995	Six Months Ended June 30, 1996
REVENUES	$11,879	$34,599	$22,291	$56,619
OPERATING EXPENSES:				
Costs of Services	6,407	20,526	11,876	31,721
Selling, general and administrative expenses	4,265	10,517	8,594	18,619
Total operating expenses	10,672	31,043	20,470	50,340
INCOME FROM OPERATIONS	1,207	3,556	1,821	6,279
OTHER INCOME (EXPENSES):				
Interest expense	(124)	(226)	(227)	(460)
Interest income	32	103	185	214
Equity in losses of affiliated company	-	(56)	-	(56)
Other	127	101	2,415	(242)
	35	(78)	2,373	(544)
Income before income taxes	1,242	3,478	4,194	5,735
PROVISION FOR INCOME TAXES	449	1,415	1,774	2,417
Net income	$ 793	$ 2,063	$ 2,420	$ 3,318
SHARES USED IN COMPUTING PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE	54,328	54,328	54,280	54,328
PRO FORMA NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE	$ .01	$ .04	$ .04	$ .06

The accompanying notes are an integral part of these statements.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1996 AND 1995
(dollars in thousands)
(Unaudited)

	1995	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 2,420	$ 3,318
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	973	2,380
Allowance for doubtful accounts	67	482
Equity in loss of affiliated company	-	56
Deferred taxes on income	156	(161)
Deferred compensation expense	-	63
Changes in assets and liabilities-		
Accounts receivable	(3,149)	(15,704)
Prepaids and other current assets	(66)	(374)
Deferred contract costs	-	(2,067)
Other assets	(81)	(842)
Accounts payable and accrued liabilities	1,750	9,065
Customer advances and deferred income	928	926
Other current liabilities	(123)	-
Net cash provided by (used in) operating activities	2,875	(2,858)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$ (439)	$ (4,022)
Purchase of Access 24, net of cash acquired	-	(2,431)
Proceeds from sale of Access 24 UK Limited	-	3,946
(Increase) decrease in short-term investments	(10.421)	2,057
Net cash used in investing activities	(10,860)	(450)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	$ (138)	$ 8,000
Net increase (decrease) in bank overdraft	(510)	(1,427)
Payments on long-term debt	(181)	(756)
Payments under capital leases	(416)	(1,325)
Distributions to stockholder	(1,695)	-
Issuance of preferred stock	12,000	-
Payments under subordinated notes payable to stockholder	(1,104)	-
Net cash provided by financing activities	7,956	4,492
Effect of exchange rate changes on cash	-	101
NET INCREASE (DECREASE)IN CASH AND CASH EQUIVALENTS	(29)	1,285
CASH AND CASH EQUIVALENTS, beginning of period	38	42
CASH AND CASH EQUIVALENTS, end of period	$ 9	$ 1,327

The accompanying notes are an integral part of these statements.

NOTE (1)--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of TeleTech Holdings, Inc. and subsidiaries as of June 30, 1996 and 1995 and for the periods then ended. Operating results for the three and six month periods ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996.

The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and footnotes thereto included in the Company's registration statement on Form S-1 dated July 31, 1996.

NOTE (2)--INITIAL PUBLIC OFFERING OF COMMON STOCK

On August 6, 1996 the Company completed an initial public offering of its common stock. The Company sold 4,000,000 shares of common stock at an offering price of $14.50 per share. Total proceeds after deducting $5,430,000 in estimated costs associated with the offering were $52,570,000. Immediately prior to the closing of the offering the Company completed a five for one share common stock split. All common stock amounts, equivalent share amounts and per share amounts included in the accompanying financial statements and related notes have been adjusted to give effect to the stock split. In connection with the public offering, 9,300,000 shares of common stock were issued upon the conversion of all 1,860,000 outstanding shares of preferred stock.

NOTE (3)--ACQUISITION OF ACCESS 24 SERVICE CORPORATION PTY. LIMITED AND SALE OF ACCESS 24 LIMITED COMMON STOCK

On January 1, 1996, the Company acquired 100% of the common stock of Access 24 Service Corporation Pty. Limited (with its subsidiaries "Access 24"), for consideration of $7.1 million, consisting of $2.27 million plus 970,240 shares of common stock. Access 24 provides inbound, toll-free customer service, primarily to the health care and financial services sector in Australia, the United Kingdom and New Zealand.

On April 30, 1996, the Company completed the sale of 50% of the common stock of Access 24 Limited ("Access 24 UK") to PPP Health Care Group plc ("PPP") for cash of $3.8 million. Access 24 UK is the United Kingdom subsidiary, acquired by the Company as part of the Access 24 acquisition, which operates a call center in London, England. In addition PPP also purchased 1,000,000 preferred shares of Access 24 UK for consideration of $1.5 million. The preferred shares have a par value of 1 pound each and dividends are cumulative at the rate of 7% per annum. A portion of the proceeds from the preferred stock were used to repay outstanding advances from Access 24.

This acquisition of Access 24 has been accounted for using the purchase method. The proceeds from the sale of 50% of the stock of Access 24 UK in excess of the proportionate share of the carrying amounts of the Access 24 UK assets and liabilities has been reflected as a reduction of the goodwill arising from the Access 24 acquisition. The remaining 50% interest in Access 24 UK is accounted for using the equity method of accounting. Under the equity method, the Company's investment is initially recorded at cost and is adjusted to recognize the Company's 50% share of net earnings or losses of the affiliated company. The excess of the cost of the investment over the underlying net assets of Access 24 UK is being amortized using the straight line method over 15 years.

The pro forma results of operations for the six months ended June 30, 1995, as if the acquisition of Access 24 and the subsequent sale of Access 24, UK had occurred on January 1, 1995 are as follows (in thousands except per share amounts):

	As Reported	Access 24	Pro Forma
Revenue	$22,291	$4,400	$26,691
Net income	$ 2,420	$ 180	$ 2,600
Pro Forma Earnings per share	$ 0.04		$ 0.05

NOTE (4)--EARNINGS PER SHARE

Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, common stock and common stock equivalent shares issued by the Company at prices below the public offering price during the 12 month period prior to the offering date (using the treasury stock method) have been included in the calculation as if they were outstanding for all periods presented. Common stock amounts and equivalent share amounts have been adjusted retroactively to give effect to the stock split. The shares of convertible preferred stock are considered common stock equivalents due to the mandatory conversion provision. The weighted average number of common shares and common share equivalents was calculated as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1996	1995	1996
Common shares outstanding	40,700	41,746	40,700	41,746
Convertible preferred stock	9,300	9,300	9,300	9,300
Common equivalent shares	4,328	3,282	4,280	3,282
Shares used in computing pro forma net income per common and common equivalent share	54,328	54,328	54,280	54,328

NOTE (5)--SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES (IN THOUSANDS):

	Six Months Ended June 30,	
	1996	1995
Cash paid for interest	$ 438	$ 224
Cash paid for income taxes	$ 1,050	$ 1,024
Noncash investing and financing activities:		
Assets acquired through capital leases	$ 5,752	$ 2,900
Stock issued in purchase of Access 24	$ 4,851	$ -
Restricted stock issued under employment agreements	$ 380	$ -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995

RESULTS OF OPERATIONS

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

Revenues increased $22.7 million or 191%, to $34.6 million for the second quarter of 1996 from $11.9 million for the second quarter of 1995. The increase resulted from $2.4 million in revenues of Access 24, which was acquired in the first quarter of 1996, $17.3 million in revenues from new clients (including $7.1 million attributable to the Company's facilities management agreement with United Parcel Service) and $8.7 million in increased revenue from existing clients. These increases were offset by terminations and other client reductions including the loss of $2.4 million in revenues due to the expiration of the Company's contract with Continental Airlines in the first quarter of 1996. Revenues in the second quarter reflect the additional capacity provided by the opening of the Thornton Call Center in April 1996.

Costs of services increased $14.1 million, or 220%, to $20.5 million for the second quarter of 1996 from $6.4 million for the second quarter of 1995. Costs of services as a percentage of revenues increased from 54% in the second quarter of 1995 to 59% in the second quarter of 1996. The increase in costs of services as a percentage of revenues is a result of the $7.1 million of revenues received in the second quarter of 1996 from the Company's facilities management program, under which the Company commenced significant operations in April 1996. This program has lower billing rates and, accordingly, higher costs of services as a percentage of revenues than fully outsourced programs. There were no facility management program revenues in the three months ended June 30, 1995.

Selling, General and Administrative expenses ("SG&A") increased $6.3 million, or 147%, to $10.5 million for the second quarter of 1996 from $4.3 million in the second quarter of 1995. This increase is primarily the result of increased revenues during the period. SG&A expenses as a percentage of revenues decreased from 36% for the quarter ended June 30, 1995 to 30% for the quarter ended June 30, 1996, primarily due to the impact of the Company's facilities management program, which provided $7.1 million in revenues but resulted in insignificant additional SG&A expenses, and also as a result of the spreading of fixed costs over a larger revenue base.

As a result of the foregoing factors, operating income increased $2.3 million, or 195% in the second quarter of 1996 from $1.2 million in the second quarter of 1995.

Other expense increased $113,000 to $78,000 during the second quarter of 1996. The second quarter of 1995 reflected other income of $35,000. This is due to increased interest expense during the period resulting from higher balances of short term borrowings and capital lease obligations.

As a result of the foregoing factors, net income increased $1.3 million or 160%, to $2.1 million for the second quarter of 1996 from $793,000 for the second quarter of 1995.

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

Revenues increased $34.3 million or 154%, to $56.6 million for the six months ended June 30, 1996 from $22.3 million for the six months ended June 30, 1995. The increase resulted from $5.8 million in revenues of Access 24, which was acquired in the first quarter of 1996, $22.1 million in revenues from new clients (including $7.1 million attributable to the facilities management agreement with United Parcel Service) and $14.0 million in increased revenue from existing clients. These increases were offset by contract expirations and other client reductions, including the loss of $3.5 million in revenues due to the expiration of the Continental Airlines contract in the first quarter of 1996. Revenues in the six months ended June 30, 1996 reflect the additional capacity provided by the opening of the Thornton Call Center in April 1996.

Costs of services increased $19.8 million, or 167%, to $31.7 million for the six months ended June 30, 1996 from $11.9 million for the six months ended June 30, 1995. Costs of services as a percentage of revenues increased from 53% in the six months ended June 30, 1995 to 56% for the six months ended June 30, 1996. The increase in costs of services as a percentage of revenues is a result of the $7.1 million of revenues received in the second quarter of 1996 from the Company's facilities management program, under which the Company commenced significant operations in April 1996. This program has lower billing rates and, accordingly, higher costs of services as a percentage of revenues than fully outsourced programs. There were no facility management program revenues in the six months ended June 30, 1995.

Selling, General and Administrative expenses increased $10.0 million, or 117%, to $18.6 million for the six months ended June 30, 1996 from $8.6 million in the six months ended June 30, 1995. This increase is primarily the result of increased revenues during the period. SG&A expenses as a percentage of revenues decreased from 39% for the six months ended June 30, 1995 to 33% for the six months ended June 30, 1996, primarily due to the impact of the Company's facilities management program, which provided $7.1 million in revenues but resulted in insignificant additional SG&A expenses, and also as a result of the spreading of fixed costs over a larger revenue base.

As a result of the foregoing factors, operating income increased $4.5 million, or 245% to $6.3 million for the six months ended June 30, 1996 from $1.8 million in the six months ended June 30, 1995. Operating income as a percent of revenues increased from 8% for the six months ended June 30, 1995 to 11% for the six months ended June 30, 1996.

Other expense increased $2.9 million to $544,000 during the six months ended June 30, 1996 compared with other income of $2.4 million for the six months ended June 30, 1995. This is primarily due to impact of a $2.4 million one time payment made during the first quarter of 1995 by a former client in connection with the early termination of a contract .

As a result of the foregoing factors, net income increased $898,000 or 37%, to $3.3 million for the six months ended June 30, 1996 from $2.4 million for the six months ended June 30, 1995. Excluding the one-time Payment, net income for the six months ended June 30, 1995 would have been $908,000. Accordingly net income would have increased $2.4 million, or 265%, in the first six months of 1996 compared with 1995.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1996 the Company had cash and cash equivalents of $1.3 million and short-term investments of $8.3 million. Cash used in operating activities was $2.9 million for the six months ended June 30, 1996 due primarily to a significant increase in accounts receivable resulting from the increased revenues during the second quarter of 1996.

Cash used in financing activities was $450,000 for the six months ended June 30, 1996. The Company incurred capital expenditures of $4.0 million and the Company used $2.4 million in connection with the Access 24 acquisition. These expenditures were offset by a $2.0 million reduction in short-term investments and the receipt of $3.9 million from the sale of 50% of Access 24 UK. See Note 3 to the unaudited consolidated financial statements.

Cash requirements for operating and financing activities for the 6 months ended June 30, 1996 were financed with $4.5 million in cash flow from financing activities consisting of $8.0 million in borrowings on the Company's line of credit, net of capital lease payments and the reduction of the bank overdraft.

The Company has a $15 million unsecured revolving operating line of credit which expires on May 31, 1998. At June 30, 1996 the outstanding borrowings under this agreement were $9.0 million. These borrowings accrue interest at rates varying from 6.63% to 6.75%. As of July 31, 1996 borrowings under this agreement had been reduced to $6.5 million. In addition, the Company has two master lease agreements. Under one agreement the Company may lease equipment up to an aggregate value of $15.0 million. As of June 30, 1996, amounts outstanding under this agreement were approximately $6.0 million. Under the second agreement, the Company's borrowings are approved, and specific terms are set, on a case-by-case basis. As of June 30, 1996, the total amount outstanding under this agreement was approximately $576,000.

The Company believes that the net proceeds from the initial public offering of common stock, together with cash from operations, existing cash and available borrowings under the line of credit and master lease agreements, will be sufficient to finance the Company's operations, planned capital expenditures and anticipated growth through 1997.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

By Written Consent of the Stockholders of the Company dated June 30, 1996, the holders of all of the 10,209,248 shares of the Company's voting securities (51,046,240 shares after giving effect to the five-for-one stock split effected on July 31, 1996) voted in favor of amending and restating the Company's Certificate of Incorporation immediately prior and subject to the closing of the Company's initial public offering of its common stock. The Company's amended and restated Certificate of Incorporation was filed with the Secretary of State of Delaware and became effective on August 1, 1996.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

27.1 Financial Data Schedule

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the three months ended June 30, 1996.

SIGNATURES

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

TELETECH HOLDINGS, INC.
(Registrant)

Date: AUGUST 13, 1996	/s/ KENNETH D. TUCHMAN
	Kenneth D. Tuchman Chairman of the Board, President and Chief Executive Officer
Date: AUGUST 13, 1996	/s/ STEVEN B. COBURN
	Steven B. Coburn, Chief Financial Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TELETECH HOLDINGS, INC.'S 1996 SECOND QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DEC-31-1996
JAN-01-1996
JUN-30-1996
1,327
8,304
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