TELETECH HOLDINGS INC
Form DEF 14A
April 13, 2012

QuickLinks -- Click here to rapidly navigate through this document

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

TeleTech Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TELETECH HOLDINGS, INC.

9197 S. Peoria Street
Englewood, Colorado 80112

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2012 annual meeting of stockholders (the "Annual Meeting") of TeleTech Holdings, Inc., a Delaware corporation, will be held at 9197 S. Peoria Street, Englewood, Colorado on Thursday, May 24, 2012, at 10:00 a.m., local time, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect eight directors to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012;
3. To approve, on an advisory basis, our compensation for our named executive officers for 2011; and
4. To transact such other business as may properly come before the annual meeting.

The record date for the annual meeting is Wednesday, March 28, 2012. Only stockholders of record at the close of business on that date are entitled to notice of, to attend, and to vote at the Annual Meeting. As part of TeleTech's ongoing commitment to environmentally responsible business practices, TeleTech utilizes the Securities and Exchange Commission (the "SEC") rules that allow issuers to furnish proxy materials to our stockholders on the Internet. These rules allow TeleTech to distribute these proxy materials in a cost-efficient and environmentally friendly manner.

By Order of the Board of Directors,

KENNETH D. TUCHMAN
Chairman and Chief Executive Officer

Englewood, Colorado
April 13, 2012

YOUR VOTE IS IMPORTANT.
PLEASE COMPLETE, DATE, SIGN AND RETURN YOUR PROXY CARD PROMPTLY.

TELETECH HOLDINGS, INC.

9197 S. Peoria Street,
Englewood, Colorado 80112

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

To be Held on Thursday, May 24, 2012

The board of directors (the "Board") of TeleTech Holdings, Inc., a Delaware corporation ("TeleTech" or the "Company"), is soliciting proxies to be used at our annual meeting of stockholders (the "Annual Meeting") to be held at 10:00 a.m., local time, on Thursday, May 24, 2012, at our principal offices located at 9197 S. Peoria Street, Englewood, Colorado. This Proxy Statement contains important information regarding the Annual Meeting, the proposals on which you are being asked to vote, information about our voting procedures, and information you may find useful in determining how to vote.

A number of abbreviations are used in this Proxy Statement. The term proxy materials includes this Proxy Statement, the proxy card, and our 2011 Annual Report on Form 10-K.

The Board is distributing these proxy materials on or about April 13, 2012.

Notice of Internet Availability of Proxy Materials

In accordance with rules recently adopted by the SEC, we may now furnish proxy materials, including this Proxy Statement and our 2011 Annual Report on Form 10-K, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the notice regarding the Internet availability of proxy materials (the "Notice of Availability"), which was mailed separately to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice of Availability also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice of Availability.

The Notice of Availability provides you with instructions regarding how to:

- View our proxy materials for the Annual Meeting on the Internet; and
- Instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Matters for Approval at the Annual Meeting

The items of business scheduled to be voted on at the Annual Meeting are:

- *Proposal 1:* the election of eight directors (see page 6);
- *Proposal 2:* the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012 (see page 10); and

Proposal 3: the vote to approve, on an advisory basis, compensation for our named executive officers for 2011 (see page 10).

We will also consider other business that properly comes before the Annual Meeting.

Board Recommendations

Our Board recommends that you vote your shares: (1) "FOR" each of the nominees to the Board; (2) "FOR" the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012; and (3) "FOR" the proposal to approve, on an advisory basis, compensation for our named executive officers for 2011.

Kenneth D. Tuchman, our Chairman and Chief Executive Officer ("CEO") and the beneficial owner of approximately 57.7% of the issued and outstanding shares of common stock as of the record date (57.1% of the shares entitled to vote, excluding stock options) has indicated that he intends to vote: (1) "FOR" each of the nominees to the Board; (2) "FOR" the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012; and (3) "FOR" the proposal to approve, on an advisory basis, compensation for our named executive officers for 2011.

Additionally, on April 1, 2011, Mr. Tuchman entered into a Voting Agreement whereby he has agreed to vote shares he beneficially owns "FOR" the election of Mr. Barlett to the Board of Directors through and including December 31, 2017.

Quorum

In order to conduct business at the Annual Meeting, a quorum of a majority of the outstanding shares of common stock entitled to vote as of the record date must be present in person or represented by proxy. Both abstentions and broker non-votes (described below) are counted for the purpose of determining the presence of a quorum.

Who Can Vote

Stockholders of record at the close of business on the record date, March 28, 2012, may vote at the Annual Meeting. On the record date, we had 55,678,023 issued and outstanding shares of common stock, which were held by 390 record holders.

How You Can Vote Voting Procedures

Each share of common stock has one vote on all matters properly brought before the Annual Meeting. You can vote your shares if you are represented by proxy or present in person at the Annual Meeting. The method in which you vote your shares will depend on whether you are a stockholder of record or a beneficial owner.

Stockholders of Record. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, a *stockholder of record.* As a stockholder of record, there are four ways to vote:

In person. You may vote in person at the Annual Meeting we will give you a ballot when you arrive;

Via the Internet. You may vote by proxy via the Internet by visiting www.proxyvote.com and following the instructions provided in the Notice of Availability or the proxy card;

By Telephone. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the vote instruction form and by following the voice instructions; or

By Mail. If you request printed copies of the proxy materials by mail, you may vote by proxy by filling out the proxy card and sending it back in the envelope provided.

Beneficial Owners. If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization, like the vast majority of our stockholders, you are considered the *beneficial owner* of shares held *in street name*, and the Notice of Availability was forwarded to you by that organization. As the beneficial owner, there are four ways to vote:

In person. If you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares;

Via the Internet. You may vote by proxy via the Internet by visiting www.proxyvote.com and entering the control number found in the Notice of Availability;

By Telephone. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the vote instruction form and by following the voice instructions; or

By Mail. If you request printed copies of the proxy materials by mail, you may vote by proxy by filling out the vote instruction form and sending it back in the envelope provided.

Additional Procedures. Votes cast by proxy prior to the Annual Meeting will be tabulated by an automatic system administered by Broadridge Financial Solutions, Inc. Votes cast by proxy or in person at the Annual Meeting will be counted by the persons we appoint to act as election inspectors for the Annual Meeting. With regard to the election of directors, votes may be cast in favor or withheld; votes that are withheld will be excluded entirely from the tabulation of votes and will have no effect. Cumulative voting is not permitted in the election of directors. Consequently, you are entitled to one vote for each share of our common stock held in your name for as many persons as there are directors to be elected, and for whose election you have the right to vote.

With respect to the other proposals submitted for stockholder approval (other than the election of directors), you may vote for or against the proposal, or you may abstain. Abstentions will have the same effect as a negative vote.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, brokerage firms have the authority to vote your non-voted shares on certain "routine" matters, but not on other "non-routine" items. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained.

Revoking Your Proxy or Changing Your Vote

You may change your vote at any time prior to the taking of the vote at the Annual Meeting. If you are the stockholder of record, you may change your vote by:

Granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method);

Providing a written notice of revocation to our Corporate Secretary at TeleTech Holdings, Inc., 9197 S. Peoria Street, Englewood, Colorado 80112 prior to your shares being voted; or

Attending the Annual Meeting and voting in person. Your attendance at the meeting alone will not cause your previously granted proxy to be revoked unless you specifically so request before the taking of the vote.

For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank, trustee or nominee following the instructions they provided, or, if you have obtained a legal proxy from your broker, bank, trustee or nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

Householding

For stockholders of record, we have adopted a procedure called "householding," which the SEC has approved. Under this procedure, we are delivering a single copy of the Notice of Availability and, if applicable, this Proxy Statement and the 2011 Annual Report on Form 10-K to multiple stockholders who share the same address unless we have received contrary instructions from one or more of the stockholders. This procedure reduces our printing and mailing costs and the impact of printing and mailing these materials on the environment. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will deliver promptly a separate copy of the Notice of Availability and, if applicable, this Proxy Statement and the 2011 Annual Report on Form 10-K to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice of Availability and, if applicable, this Proxy Statement or the 2011 Annual Report on Form 10-K, stockholders may contact us at TeleTech Holdings, Inc., 9197 S. Peoria Street, Englewood, Colorado 80112, Attention: Investor Relations, or by calling 303-397-8100.

Stockholders who hold shares in "street name" (as described above) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

Costs of Proxy Solicitation

We will bear the costs of soliciting proxies from our stockholders. Some of our directors, officers and other employees, not specially employed for this purpose, may solicit proxies, without additional remuneration therefore, by personal interview, mail, telephone or other means of communication. We will request brokers and other fiduciaries to forward proxy soliciting material to the beneficial owners of shares of common stock that are held of record by such brokers and fiduciaries and will reimburse such persons for their reasonable out-of-pocket expenses.

Admission to the Annual Meeting

If you plan to attend the Annual Meeting, please mark the appropriate box on the proxy card and return the proxy card promptly. If you are a stockholder of record and arrive at the Annual Meeting without an admission ticket, you will only be admitted once we verify your share ownership at the stockholders' admission counter. If you are a beneficial owner, you will only be admitted upon presentation of evidence of your beneficial holdings, such as a bank or brokerage firm account statement.

Stockholder List

A complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder, for any purpose germane to the meeting, at the Annual Meeting and at our principal office located at 9197 S. Peoria Street, Englewood, Colorado 80112 during normal business hours for a period of at least 10 days prior to the Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth information, as of March 28, 2012, concerning the beneficial ownership of the following persons and entities:

- Each person or entity whom we know beneficially owns more than five percent of our common stock;
- Each of our directors and nominees for the Board;

Each of our named executive officers; and

All of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with SEC rules. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and/or investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 55,678,023 shares of common stock outstanding at March 28, 2012. In computing the number of shares of common stock beneficially owned by a person or entity and the percentage ownership of that person or entity in accordance with SEC rules, we deemed outstanding shares of common stock: (1) subject to stock options held by that person that are currently exercisable or exercisable within 60 days of March 28, 2012, and (2) issuable upon the vesting of Restricted Stock Units ("RSUs") within 60 days of March 28, 2012. Also in accordance with SEC rules, we did not deem outstanding these two categories of shares of common stock for the purpose of computing the percentage ownership of any other person or entity.

The information provided in the table is based on our records, information filed with the SEC and information provided to us, except where otherwise noted. Unless otherwise indicated, the address of each beneficial owner listed in the table is c/o TeleTech Holdings, Inc., 9197 Peoria Street, Englewood, Colorado 80112.

	Shares Beneficially Owned			
Name and Address of the Beneficial Owner	**Common Stock**	**Options Vested and Options and RSUs Vesting Within 60 Days of 3/28/2012**	**Total Beneficial Ownership as of 3/28/2012**	**Percent of Class**
5% Stockholders				
Kenneth D. Tuchman	31,811,183	800,000	32,611,183(1)	57.7%
Executive Officers and Directors				
Kenneth D. Tuchman	31,811,183	800,000	32,611,183(1)	57.7%
James E. Barlett	427,264	0	427,264	*
Gregory A. Conley	0	0	0	*
William A. Linnenbringer	63,101	54,180	117,281(2)	*
Ruth C. Lipper	38,001	119,180	157,181(3)	*
Shrikant C. Mehta	43,001	19,180	62,181(4)	*
Anjan Mukherjee	11,610	4,180	15,790(5)	*
Robert M. Tarola	18,001	39,180	57,181(6)	*
Robert Webb	5,000	0	5,000	*
Shirley Young	20,001	64,180	84,181(7)	*
Regina Paolillo	0	0	0	*
Judi Hand	78,707	6,250	84,957(8)	*
Michael M. Jossi	42,424	9,200	51,624(9)	*
Carol J. Kline	33,313	0	33,313(10)	*
John R. Troka, Jr.	23,613	0	23,613	*
All directors and officers as a group (14 persons)	32,616,220	1,115,530	33,731,750	60.6%

* Less than 1%.

(1)
Includes 31,801,183 shares subject to sole voting and investment power, 10,000 shares with shared voting and investment power and 800,000 options exercisable within 60 days after March 28, 2012. The shares with sole voting and investment power consist of: (i) 6,834,377 shares held by Mr. Tuchman; (ii) 14,766,806 shares held by a limited liability partnership controlled by Mr. Tuchman; (iii) 10,000,000 shares held by a revocable trust controlled by Mr. Tuchman; and (iv) 200,000 shares held by another limited liability partnership controlled by Mr. Tuchman. The shares with shared voting and investment power consist of 10,000 shares owned by Mr. Tuchman's spouse. Excluding Mr. Tuchman's 800,000 vested stock options, Mr. Tuchman is the beneficial owner of approximately 57.1% of the shares of common stock entitled to vote at the meeting.

(2)
Includes 50,100 shares beneficially owned through a family trust, 50,000 options exercisable within 60 days after March 28, 2012 and 4,180 RSUs scheduled to vest within 60 days after March 28, 2012. Mr. Linnenbringer has announced his intention to retire and not to stand for re-election as a member of the Board of Directors at the 2012 Annual Meeting.

(3)
Includes 115,000 options exercisable within 60 days after March 28, 2012 and 4,180 RSUs scheduled to vest within 60 days after March 28, 2012. Ms. Lipper has announced her intention to retire and not to stand for re-election as a member of the Board of Directors at the 2012 Annual Meeting.

(4)
Includes 15,000 options exercisable within 60 days after March 28, 2012 and 4,180 RSUs scheduled to vest within 60 days after March 28, 2012.

(5)
Includes 4,180 RSUs scheduled to vest within 60 days after March 28, 2012.

(6)
Includes 35,000 options exercisable within 60 days after March 28, 2012 and 4,180 RSUs scheduled to vest within 60 days after March 28, 2012.

(7)
Includes 60,000 options exercisable within 60 days after March 28, 2012 and 4,180 RSUs scheduled to vest within 60 days after March 28, 2012.

(8)
Includes 6,250 RSUs scheduled to vest within 60 days after March 28, 2012.

(9)
Includes 8,200 options exercisable within 60 days after March 28, 2012 and 1,000 RSUs scheduled to vest within 60 days after March 28, 2012.

(10)
Represents shares held as of December 5, 2011, last known transaction date.

PROPOSAL 1:
ELECTION OF DIRECTORS

At the Annual Meeting, eight persons will be elected to our Board to hold office until the next annual meeting and until their respective successors are duly elected and qualified. The Board, upon referral by the Nominating and Governance Committee, has nominated each of the persons named below to serve as a director for a term of one year and it is the intention of the persons named as proxies in the enclosed proxy card to vote FOR the election of all such nominees.

Kenneth D. Tuchman
James E. Barlett
Gregory A. Conley
Shrikant Mehta
Anjan Mukherjee
Robert M. Tarola
Shirley Young
Robert Webb

6

Each of the nominees (except Messrs. Conley and Webb) currently serves as a director and all nominees have consented to being named in this Proxy Statement as a nominee and to serve as a director if elected. Information concerning the eight nominees proposed for election to the Board is set forth below. Messrs. Conley and Webb were introduced to the Nominating and Governance Committee by Mr. Barlett, our Vice Chairman, for review, consideration and vetting by the Nominating and Governance Committee. Each nominee provides a depth of knowledge, experience and diversity of perspective to facilitate meaningful participation and, through service on the Board, satisfy our needs and the needs of our stockholders.

If any of the nominees named below becomes unable or unwilling to serve as a director, shares represented by valid proxies will be voted FOR the election of such other person as the Board may nominate, or the number of directors that constitutes the full Board may be reduced to eliminate the vacancy.

Information Concerning the Nominees for Election as Directors

Kenneth D. Tuchman, 52, founded our predecessor company in 1982 and has served as the Chairman of the Board since our formation in 1994. Mr. Tuchman's one-year term as a director will expire at the next annual meeting of stockholders. Mr. Tuchman served as our President and CEO from our inception until October 1999. In March 2001, Mr. Tuchman resumed the position of CEO. As our founder and a pioneer in the business process outsourcing industry, Mr. Tuchman possesses skills and experience that make him an essential member of our Board.

James E. Barlett, 68, was elected to our Board in February 2000 and has served as Vice Chairman of the Board since October 2001. Mr. Barlett's one-year term as a director will expire at the next annual meeting of stockholders. Before joining us as Vice Chairman, Mr. Barlett served as the President and Chief Executive Officer of Galileo International, Inc. (now part of Travelport Limited), a provider of electronic global distribution services for the travel industry, from 1994 to 2001, and in addition was elected to be Chairman of Galileo in 1997, a position in which he served until leaving in 2001. Prior to joining Galileo, Mr. Barlett served as Executive Vice President of Worldwide Operations and Systems for MasterCard International Corporation, a New York Stock Exchange listed global provider of transaction processing and consulting services, where he was also a member of the MasterCard International Operations Committee. Other positions previously held by Mr. Barlett were Executive Vice President of Operations for NBD Bancorp (now part of Bank One Corporation), a New York Stock Exchange listed financial services company, and Vice Chairman of Cirrus, Inc. (part of MasterCard and an early developer of global ATM services). Mr. Barlett was also a partner with Touche Ross & Co., currently known as Deloitte & Touche LLP, a registered public accounting firm. Mr. Barlett currently serves on the Board of Directors of Celanese Corporation, a New York Stock exchange listed producer of specialty and intermediate chemical products, and served on the Board of Directors of Korn Ferry International, a New York Stock Exchange listed provider of executive search and placement services, from 1999 until 2009. Mr. Barlett also serves as the Trustee for LL&E Royalty Trust, a position he has held since 2011. Mr. Tuchman has agreed to vote shares he beneficially owns in favor of Mr. Barlett's re-election as a director. We believe that Mr. Barlett's extensive and varied business career, including his domestic and international experience, his leadership roles in publicly held companies and his service as Chairman and CEO of an international travel process solutions company bring the necessary and desired skills and leadership for his valuable service to our Board.

Gregory A. Conley, 57, was nominated to be elected to our Board on April 12, 2012. Mr. Conley's one-year term as a director will expire at the next annual meeting of stockholders. Mr. Conley is currently the Chief Executive Officer of Aha! Software, LLC, a privately-held predictive analytics and cloud computing company, a position that he has held since 2012. Prior to joining Aha! Software, Mr. Conley served as the Chief Executive Officer and a Director of Odyssey Group, SA, a Switzerland-based technology services and software company, from 2009 through 2011, which included the 2010 sale of Odyssey Group to Temenos Group AG, a global provider of banking software systems. Prior to joining Odyssey Group, Mr. Conley was the President, Chief Executive Officer and a Director of Verio, Inc., a leading global provider of hosting and network services and a subsidiary of Nippon Telephone & Telegraph, from 2004 to 2005. Prior to joining Verio, Inc., from 2001 to 2003 Mr. Conley was the President, Chief Executive Officer and a Director of Tanning Technology Corporation, an information technology solutions provider that was listed on NASDAQ until its sale to Platinum Equity in 2003. Other positions previously held by Mr. Conley were as General Manager for the e-Markets and Travel and Transportation units of International Business Machines, a New York Stock Exchange listed provider of information technology services, solutions and products, from 1995 through 2001. Mr. Conley also served as the President and Chief Executive Officer (1994-1995), Executive Vice President of Marketing and Product Development (1993-1994) and Senior Vice President and General Counsel (1989-1994) of Galileo International, Inc. (now part of Travelport Limited), a provider of electronic global distribution services for the travel industry. Mr. Conley was also an attorney at Covington & Burling LLP from 1984 to 1989. We believe that Mr. Conley's extensive background as the chief executive officer and director of several technology companies with domestic and international operations and his training and experience as legal counsel to Galileo International bring the necessary and desired skills for his nomination to our Board.

Shrikant Mehta, 68, was elected to our Board in June 2004 and serves as a member of our Nominating and Governance Committee. Mr. Mehta's one-year term as a director will expire at the next annual meeting of stockholders. Mr. Mehta has been the President and Chief Executive Officer of Combine International, Inc., a wholesale manufacturer of fine jewelry, since 1974. He also serves on the Board of Directors of Distinctive Devices, Inc., a manufacturer of cable set-top boxes and related software for the European and Indian cable market and a provider of IT services and real-time learning services, and Caprius, Inc., a manufacturer of proprietary equipment for on-site medical waste processing, and various private corporations. We believe that Mr. Mehta's extensive domestic and international business experience, including his leadership role as chief executive officer of an international minority-owned and operated business, provide the necessary and desired skills, experience and perspective to serve on our Board.

Anjan Mukherjee, 38, was elected to our Board in September 2009 and serves as Chair of the Compensation Committee. Mr. Mukherjee's one-year term as a director will expire at the next annual meeting of stockholders. Mr. Mukherjee is a Senior Managing Director of the Blackstone Group, one of the world's leading alternative asset management firms, where he has been since 2001. Prior to joining Blackstone, Mr. Mukherjee was with the Thomas H. Lee Company, a private equity investment firm, where he was involved with the analysis and execution of private equity investments in a wide range of industries. Before that, Mr. Mukherjee worked in the mergers and acquisitions group at Morgan Stanley, a New York Stock Exchange listed financial services company. We believe that Mr. Mukherjee's extensive investment and transactional experience, his broad business experience and in-depth knowledge and experience in financial matters provide the necessary and desired skills, experience and perspective to serve on our Board and to Chair our Compensation Committee.

Robert M. Tarola, 62, was elected to our Board in August 2008 and serves as a member of our Audit Committee. Mr. Tarola's one-year term as a director will expire at the next annual meeting of stockholders. Mr. Tarola has been the President of Right Advisory LLC, a financial and business consulting company, since 2008, and currently serves as Senior Vice President, Chief Financial Officer and Treasurer for Howard University through a contractual arrangement with Right Advisory LLC. From 1999 to 2008, Mr. Tarola served as Senior Vice President and Chief Financial Officer of W. R. Grace & Co., a New York Stock Exchange listed specialty chemical company. Prior to joining W. R. Grace, Mr. Tarola served as Senior Vice President and Chief Financial Officer of MedStar Health, Inc., a not-for-profit regional healthcare system, and as a Partner with Price Waterhouse LLP (now PricewaterhouseCoopers), a registered public accounting firm, where Mr. Tarola was a regional managing partner for the media and communications practice group. We believe that Mr. Tarola's extensive business, financial and accounting experience, including his service as chief financial officer of a publicly-held company with extensive domestic and international business provide the necessary and desired skills, experience and perspective to serve on our Board.

Shirley Young, 76, was elected to our Board in August 2002 and serves as a member of our Audit Committee. Ms. Young's one-year term as a director will expire at the next annual meeting of stockholders. Ms. Young has been President of Shirley Young Associates, LLC, a business advisory company, since 2000, and serves as Senior Adviser to General Motors Asia Pacific, a New York Stock Exchange listed automobile manufacturer and currently serves on the Board of Directors of SalesForce.com, a New York Stock Exchange listed enterprise cloud computing company. She is a member of the board of governors of The Nature Conservancy, a charitable conservation organization, and Governor and Founding Chair of the Committee of 100, a national Chinese-American leadership organization, and Chair of its Cultural Associate, U.S.-China Cultural Institute. Previously, Ms. Young served as Corporate Vice President of General Motors responsible for China strategic development and as Executive Vice President of Grey Advertising, a global marketing company, and President of Grey Strategic Marketing. She also served on the Board of Directors for Verizon, a New York Stock Exchange listed communications company, Bank of America, a New York Stock Exchange listed financial services company, Harrah's, a private gaming corporation and Dayton Hudson/Target, a New York Stock Exchange listed retailing company. Ms. Young's extensive and broad international business experience and her leadership roles on many philanthropic organizations, as well as her extensive experience as a director of publicly held companies provide the necessary and desired skills, experience and perspective to serve on our Board.

Robert Webb, 42, was nominated to be elected to our Board on April 12, 2012. Mr. Webb's one-year term as a director will expire at the next annual meeting of stockholders. Mr. Webb currently serves as the Chief Executive Officer of the OptumHealth Care Solutions business unit of UnitedHealth Group, a New York Stock Exchange listed diversified managed healthcare company, a position that he has held since 2005. Prior to his promotion to Chief Executive Officer of OptumHealth Care Solutions, Mr. Webb was the President of the United Resources Networks business unit of UnitedHealth Group from 2002 to 2005. Prior to joining UnitedHealth Group Mr. Webb worked in private equity, in increasing roles of responsibility, for One Equity Partners, Willis Stein & Partners, and Equity Group Investments, Inc. between 1998 and 2002. Mr. Webb also served as a Consulting Manager for Arthur Andersen, a registered public accounting firm, from 1991 to 1998. Mr. Webb's extensive experience in the healthcare industry, his extensive business, financial and accounting experience, including as chief executive officer of a significant business unit of one of largest managed healthcare providers provide the necessary and desired skills and experience for his nomination to our Board.

Required Vote

The eight nominees receiving the highest number of affirmative votes of the outstanding shares of common stock present or represented by proxy and voting at the Annual Meeting, will be elected as directors to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified.

Recommendation of the Board

The Board recommends that you vote "FOR" all of the nominees for election to the Board.

PROPOSAL 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

In accordance with its charter, the Audit Committee of the Board has selected the independent registered accounting firm of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the year 2012 and recommends to the stockholders that they ratify that appointment. If the appointment is not ratified by our stockholders, the Audit Committee may consider whether it should appoint another independent registered public accounting firm. Representatives of PricewaterhouseCoopers LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

Required Vote

Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year 2012 requires the affirmative vote of a majority of the votes cast on the proposal. Unless marked to the contrary, proxies received will be voted "FOR" ratification of the appointment of PricewaterhouseCoopers LLP.

Recommendation of the Board and the Audit Committee

The Board and the Audit Committee recommend that you vote "FOR" Proposal 2.

PROPOSAL 3
APPROVAL, ON AN ADVISORY BASIS, OF EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. In addition, we believe that it is appropriate to seek the views of stockholders on the design and effectiveness of our executive compensation program.

At our annual meeting of stockholders held in May 2011, our stockholders approved the compensation of our named executive officers with over 72% approval. In light of the stockholder support, the Compensation Committee made no significant changes to the overall design of our compensation program during 2011.

As described in detail under the heading "EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS," the Compensation Committee's goal for our executive compensation program is to attract, motivate and retain a talented, entrepreneurial and creative team of executives who will provide leadership for our success in a competitive market. We seek to accomplish this goal in a way that rewards performance that is aligned with our stockholders' long-term interests. We believe that our executive compensation program, which emphasizes long-term equity awards, satisfies this goal. See the "Executive Summary" under the heading "EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS" for further information on key points of our 2011 named executive officer compensation.

We request stockholder approval, on an advisory basis, of the compensation of our named executive officers as disclosed pursuant to the SEC's compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the compensation tables).

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the overall compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC. The vote is advisory, which means that the vote is not binding on the Company, our Board or our Compensation Committee. However, we value the opinions expressed by our stockholders and the Board, and our Compensation Committee will take the results of the vote into account in future compensation decisions. The Board has determined to hold a stockholder advisory vote on executive compensation annually based on the voting results of our annual meeting of stockholders held in May 2011 in which our stockholders indicated by their advisory vote their preference to hold an advisory vote on executive compensation every year.

In accordance with the Board's determination that the stockholder advisory vote on executive compensation be held annually, we ask our stockholders to vote on the following resolution at the Annual Meeting:

> "RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table and the other related tables and disclosure."

Unless the Board modifies its determination of the frequency of future stockholder advisory votes on executive compensation, the next stockholder advisory vote on executive compensation will be held at the 2013 annual meeting of stockholders.

Vote Required

Approval of Proposal No. 3 requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting.

Recommendation of the Board

The Board recommends that you vote "FOR" Proposal No. 3.

CORPORATE GOVERNANCE AND BOARD OF DIRECTOR MATTERS

Board Leadership Structure

Our Board is led by a Chairman. Currently, Mr. Tuchman, our CEO, is also Chairman of the Board. With the exception of Mr. Barlett, who serves in the role of Vice Chairman, all of our other directors and director nominees are independent. The Board has determined that having Mr. Tuchman serve as Chairman and CEO is in our best interests because of Mr. Tuchman's unique insight into the business process outsourcing industry as our founder; and because having Mr. Tuchman serve in both roles best aligns our strategic direction with the current and future trends of the business process outsourcing industry and allows for the efficient implementation of that strategy. The Board is aware of the potential conflicts that may arise in having Mr. Tuchman, our CEO and our largest stockholder, serve as Chairman, but believes that there are adequate safeguards in place to mitigate against such risks such as executive meetings of the independent directors, the determination of compensation by a committee comprised of independent directors that utilizes the services of a compensation consultant and independent legal counsel, and the wide-ranging accounting and business experience of the members our Board generally and of the independent Audit Committee in particular. Finally, the extensive domestic and international experience of our Board members, many of whom are or have been senior executive officers of publicly-held companies and have additional experience as directors of publicly-held companies, provides our CEO and Chairman with additional guidance on strategic objectives and risk management.

The Board has not chosen to select a lead independent director as the Board believes that the safeguards described above mitigate risks involved in having Mr. Tuchman serve as CEO and Chairman. Further, the Board believes that appointing a lead independent director may serve to create a potential conflict among the directors and interfere with the unique insight into the business process outsourcing industry's current and future trends and the alignment of our strategic initiatives with those trends that Mr. Tuchman delivers in his role as Chairman and CEO. Lastly, the Board has in the past demonstrated the independence necessary to address potential conflicts of interest through the use of special and *ad hoc* committees to address specific matters when they arose.

The Board's Role in Our Risk Management

The Board oversees and monitors our risk management practices. The Audit Committee annually conducts, with the assistance of our internal audit department, an enterprise-wide risk assessment through independent reviews of our business processes and practices and through surveys of front-line and executive managers. Using this annual assessment, the Audit Committee develops a plan with our senior management to address any issues identified. The Audit Committee then reviews the annual assessment and remediation plan with the full Board. Additionally, the Audit Committee routinely requests that the internal audit department conduct audits of business processes that may present risks to us and reviews the results of such audits and actively monitors the progress of remediation plans. The full Board often meets with various members of senior management who present a full review of their operations, including areas that the Board has identified as necessary to manage risk.

Annually, our human capital and legal departments review each compensation program for incentive and performance-based compensation to determine the extent of any risk and to adapt any risk mitigation measures to limit the risk of any adverse material effect on us. The human capital and legal departments then review the annual assessment with the Compensation Committee. The Compensation Committee, together with its external compensation and legal consultants, independently reviews and approves the compensation plans of not only our executive officers, as discussed in the section below under the heading "COMPENSATION DISCUSSION AND ANALYSIS," but also of other employee groups. Additionally, the Compensation Committee meets with our human capital department to discuss the parameters of the various incentive and performance based compensation plans offered to our executive and non-executive employees. We believe that our compensation plans and practices in place for our executive and non-executive employees are not reasonably likely to result in a material adverse effect on us. As described below, we believe that our executive compensation plans do not motivate our executive employees to take imprudent risks and any risks involved in compensation are not reasonably likely to result in a material adverse effect on us. Further, we do not believe that our compensation plans for our non-executive employees which include for some employees the management incentive plan and for other front-line employees variable pay programs that can result in monthly bonuses based on either collective or individual achievement of certain criteria such as schedule adherence or quality of handling tasks include risk-based pay elements that either individually or in the aggregate are reasonably likely to result in a material adverse effect on us.

Information Regarding the Board and Committees Thereof

During 2011, the Board held five meetings, including four regularly scheduled quarterly meetings and one special meeting, and the Board approved two matters through unanimous written consent. At each Board meeting, the non-employee directors also met in executive session. Each director attended more than 75% of the total number of meetings of the Board and Committees on which he or she served. We do not have a formal policy on a director's attendance at annual meetings, although we encourage members of the Board to attend. Last year, all of our directors except Mr. Mukherjee attended the annual meeting. The Board has determined that each of its non-employee directors and director nominees (Greg Conley, William A. Linnenbringer (*retiring*), Ruth C. Lipper (*retiring*), Shrikant

Mehta, Anjan Mukherjee, Robert M. Tarola, Shirley Young and Rob Webb) is independent under applicable NASDAQ standards and SEC rules and regulations. In reaching this determination, the Board noted that Mr. Mehta is an indirect investor in and director of a company that provided services to us prior to 2009 and controls a company that provided services to us in 2011. The Board also noted that Mr. Webb is employed by a business unit of a company from which we purchased services and to which we provided services in 2011. The Board determined that these relationships do not interfere with either Mr. Mehta's or Mr. Webb's exercise of their independent judgment as a director.

The Board has three standing committees the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. These committees assist the Board in the discharge of its responsibilities. The members of each committee are appointed by the Board and typically serve for one-year terms.

Committee Composition

The following table provides the composition of each of our Board committees as of April 2012:

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee
James E. Barlett			
William A. Linnenbringer	Chair		ü
Ruth C. Lipper		ü	Chair
Shrikant Mehta			ü
Anjan Mukherjee		Chair	
Robert M. Tarola	ü		
Kenneth D. Tuchman			
Shirley Young	ü		

Audit Committee

The Audit Committee operates under the Audit Committee charter adopted by our Board and is responsible for, among other things:

Providing an open avenue of communication among the independent registered public accounting firm, the Vice President of Internal Audit and the Board;

Overseeing the adequacy of internal controls and financial reporting process and the reliability of the financial statements;

Selecting, evaluating and appointing or replacing the independent registered public accounting firm;

Confirming and assuring the independence of the independent registered public accounting firm;

Reviewing and approving the provision by the independent registered public accounting firm of all permissible non-audit services;

Overseeing the function, adequacy and progress of the internal audit department;

Conducting or authorizing investigations into any matters within the Audit Committee's scope of responsibility;

Reviewing and approving the establishment and compliance with our Code of Conduct;

Overseeing our enterprise risk management programs; and

Reviewing and approving all related-party transactions.

The current members of the Audit Committee are William A. Linnenbringer (Chair), Robert M. Tarola and Shirley Young, each of whom is independent within the meaning of the NASDAQ Marketplace Rules and Rule 10A-3(b)(l) under the Securities Exchange Act of 1934. Our Board determined that Messrs. Linnenbringer and Tarola qualify as "audit committee financial experts" within the meaning of the SEC rules. Mr. Linnenbringer's relevant experience includes his 32-year career with PricewaterhouseCoopers LLP. Mr. Tarola's relevant experience includes his service as Senior Vice President and Chief Financial Officer of W.R. Grace & Co., as Senior Vice President and Chief Financial Officer of MedStar Health, Inc. and as a partner with Price Waterhouse LLP. During 2011, the Audit Committee held four regularly scheduled meetings and four special meetings, and did not approve any matters through unanimous written consent. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis.

Compensation Committee

The Compensation Committee operates under the Compensation Committee charter adopted by our Board and is responsible for, among other things:

- Reviewing performance goals and determining or approving the annual salary, bonus and all other compensation for each executive officer (consistent with the terms of any applicable employment agreement);
- Reviewing and approving compensation programs for non-employee members of our Board;
- Reviewing, approving and recommending terms and conditions for all employee benefit plans (and changes thereto);
- Reviewing and evaluating risks associated with our compensation plans for all employee groups;
- Administering the TeleTech Holdings, Inc. 2010 Equity Incentive Plan, the TeleTech Holdings, Inc. Amended and Restated 1999 Stock Option and Incentive Plan, the TeleTech Holdings, Inc. 1995 Stock Option Plan and the TeleTech Holdings, Inc. Directors Stock Option Plan and other employee benefit plans as may be adopted by us from time to time; and
- Recommending inclusion of the Compensation Discussion and Analysis in the Proxy Statement and our Annual Report on Form 10-K.

The current members of the Compensation Committee are Anjan Mukherjee (Chair) and Ruth C. Lipper, each of whom is an "independent director" as defined under the NASDAQ Marketplace Rules, a "non-employee director," as defined under SEC Rule 16b-3, and "outside director," as defined under section 162(m) of the Code. During 2011, the Compensation Committee held four regularly scheduled meetings and seven special meetings, and did not approve any matters through unanimous written consent. The Compensation Committee reviews and assesses the adequacy of its charter on an annual basis.

Nominating and Governance Committee

The Nominating and Governance Committee operates under the Nominating and Governance Committee charter adopted by our Board and is responsible for, among other things:

- Identifying and recommending to the Board qualified candidates for election or appointment to the Board; and
- Overseeing matters of corporate governance, including the evaluation of Board performance and processes, and assignment and rotation of Board committee members.

The current members of the Nominating and Governance Committee are Ruth C. Lipper (Chair), William A. Linnenbringer and Shrikant Mehta, each of whom satisfies the independence requirements for nominating committee members pursuant to the NASDAQ Marketplace Rules. During 2011, the Nominating and Governance Committee held four regularly scheduled meetings, one special meeting, and did not approve any matters through unanimous written consent. The Nominating and Governance Committee reviews and assesses the adequacy of its charter on an annual basis.

Code of Conduct and Committee Charters

We have adopted a Code of Conduct applicable to all of our directors, officers (including our CEO, Chief Financial Officer, Controller and any person performing similar functions) and employees which includes the prompt disclosure of any waiver of the Code of Conduct, approved by our Board, for executive officers or directors. The Code of Conduct is available on our website, and we intend to disclose any waivers of, or amendments to, the Code of Conduct on our website. The Code of Conduct, Audit Committee charter, Compensation Committee charter, and Nominating and Governance Committee charter may be viewed on our website at http://www.teletech.com by selecting the links to "Investors" and then "Corporate Governance." You may also obtain a copy of any of these documents without charge by writing to: TeleTech Holdings, Inc., at 9197 S. Peoria Street, Englewood, Colorado 80112, Attention: Corporate Secretary.

Communications with the Board

Stockholders may communicate with the Board or any of the directors by sending written communications addressed to the Board or any of the directors c/o Corporate Secretary, TeleTech Holdings, Inc., 9197 S. Peoria Street, Englewood, Colorado 80112. All communications are compiled by the Corporate Secretary and forwarded to the Board or the individual director(s) accordingly.

Non-Employee Director Compensation Overview

During 2011, non-employee directors received: (1) an annual retainer of $75,000; (2) additional annual retainer fees for Board committee service as follows:

Chair of Audit Committee	$	27,000
Other Members of Audit Committee	$	13,500
Chair of Compensation Committee	$	20,000
Other Members of Compensation Committee	$	10,000
Chair of Nominating and Governance Committee	$	15,000
Other Members of Nominating and Corporate Governance Committee	$	5,000

(3) an annual grant of $75,000 of restricted stock units (RSUs), based on the fair market value of our common stock on the grant date; and (4) for each non-employee director who first joins the Board on or after May 21, 2009, an initial grant, as of the date on which such independent director first joins the Board, of $100,000 of RSUs, based on the fair market value of our common stock on the grant date. The RSUs granted to non-employee directors vest in full on the earlier of the first anniversary of the date of grant or the date of the succeeding year's annual meeting of stockholders, or any change-in-control event (as defined in the RSU agreement).

2011 Non-Employee Director Compensation

The following table presents information regarding the compensation paid during 2011 to non-employee directors:

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards(1) ($) (c)	Option Awards(1) ($) (d)	Non-Equity Plan Compensation ($) (e)	Change in Pension Value and Earnings ($) (f)	All Other Compensation ($) (g)	Total ($) (h)
William A. Linnenbringer	$ 107,000	$ 74,989					$ 181,989
Ruth C. Lipper	$ 105,452	$ 74,989					$ 180,441
Shrikant Mehta	$ 77,995	$ 74,989					$ 152,984
Anjan Mukherjee	$ 95,000	$ 74,989					$ 169,989
Robert M. Tarola	$ 88,500	$ 74,989					$ 163,489
Shirley Young	$ 88,500	$ 74,989					$ 163,489

(1) The amounts set forth in column (c) reflects the aggregate dollar amounts recognized for stock awards for financial statement reporting purposes in accordance with the guidance in Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation ("FASB ASC Topic 718").

Equity Interests of Non-Employee Directors

The following table presents the number of outstanding and unexercised option awards and the number of unvested stock awards held by each of the non-employee directors as of December 31, 2011:

	Number of Shares Subject to Outstanding Options as of 12/31/11	Number of Unvested Stock Awards as of 12/31/11
William A. Linnenbringer	50,000	4,180
Ruth C. Lipper	115,000	4,180
Shrikant Mehta	15,000	4,180
Anjan Mukherjee	0	4,180
Robert Tarola	35,000	4,180
Shirley Young	60,000	4,180

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

Anjan Mukherjee (Chair) and Ruth C. Lipper served on the Compensation Committee throughout 2011. There were no Compensation Committee interlocks during 2011. None of the members of our Compensation Committee has been an officer or employee of TeleTech. None of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that serves on our Board or Compensation Committee.

Nominations of Directors

The Nominating and Governance Committee does not set specific minimum qualifications for director positions. Instead, the Nominating and Governance Committee believes that nominations for election or re-election to the Board should be based on a particular candidate's merits and our needs after taking into account the current composition of the Board. The Nominating and Governance Committee considers potential candidates for director, who may come to the attention of the Nominating and Governance Committee through current directors, professional executive search firms, stockholders or other persons. When evaluating candidates annually for nomination for election, the Nominating and Governance Committee considers an individual's skills, diversity, independence from us, experience in areas that address the needs of the Board and ability to devote adequate time to Board duties. The Nominating and Governance Committee also seeks to achieve the appropriate balance of industry and business knowledge and experience, including, without limitation, expertise in the business process outsourcing industry or industries traditionally served by business process outsourcing companies, in light of the function and needs of the Board, as well as independence, financial expertise, public company experience, personal integrity and reputation. The Nominating and Governance Committee does not specifically define diversity, but values diversity of experience, perspective, education, race, gender and national origin as part of its overall annual evaluation of director nominees for election or re-election and as reflected in the Board's current composition. Whenever a new seat or a vacated seat on the Board is being filled, candidates that appear to best fit our needs and those of our Board are identified and unless such individuals are well known to the Board, they are interviewed and further evaluated by the Nominating and Governance Committee. Candidates selected by the Nominating and Governance Committee are then recommended or referred to the full Board for approval.

The Nominating and Governance Committee will consider candidates for the Board recommended by stockholders if the names and qualifications of such candidates are submitted in writing to our Corporate Secretary in accordance with the notice provisions for stockholder proposals discussed in the section entitled "GENERAL INFORMATION" under the heading "Next Annual Meeting of Stockholders". Although the Nominating and Governance Committee did not receive any stockholder nominations for candidates for the Board in 2010 or 2011, the Committee considers properly submitted nominees in the same manner as it evaluates other nominees. Following verification of the stockholder status of persons proposing candidates, the materials provided by a stockholder to us for consideration of a director nominee are forwarded to the Nominating and Governance Committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC reports regarding their ownership and changes in ownership of our equity securities. Based on our review of these forms, there were four Form 4 filings that were filed late. On March 14, 2011, we filed late Form 4 reports on behalf of Messrs. Bellini, Troka and Jossi and Ms. Kline reporting Restricted Stock Unit Awards made as part of our annual equity grant process on March 4, 2011. Other than these filings, we believe that our directors, executive officers and 10% stockholders filed all Section 16(a) reports on a timely basis during 2011.

Information Regarding Executive Officers

The following persons were our executive officers as of December 31, 2011:

Judi Hand, 50, joined us in April 2007 as President and General Manager of Direct Alliance Corporation, a wholly owned subsidiary of TeleTech. On July 22, 2011, she assumed additional responsibility as our Chief Sales Officer. From 2004 to 2007, Ms. Hand served as Senior Vice President of Enterprise Sales with AT&T, Vice President of AT&T Business Services for small and mid-sized markets (2003 to 2004), Senior Vice President of Sales and Customer Care at Qwest for small business and consumer markets (1999 to 2002), Chief Marketing Officer for U S WEST Dex (1998 to 1999) and Vice President of Solutions Marketing and Director of Market Strategy Development for U S WEST (1995 to 1997).

Michael M. Jossi, 46, joined us in January 2005 as Vice President, Learning Services, and in December 2006, he was promoted to Senior Vice President, Human Capital. In April 2007, Mr. Jossi was promoted to Executive Vice President, Global Human Capital, a position he held on an interim basis until it was made permanent in August 2008. From 1998 until January 2005, Mr. Jossi was

President and Chief Executive Officer of Active Education, Inc., a developer and provider of classroom and online computer training products for businesses.

Carol J. Kline, 48, joined us in June 2008 as Executive Vice President and Chief Information Officer. From February 2007 until joining us, Ms. Kline was Executive Vice President of Operations of EchoStar. Before joining EchoStar, Ms. Kline was Chief Information Officer and Executive Vice President for America Online from June 2003 to February 2006 and was the Senior Vice President for Worldwide Operations of Qwest Communications, Inc. from July 2000 to June 2003. Ms. Kline subsequently resigned from the Company on January 26, 2012.

Regina Paolillo, 53, joined us in November 2011 as TeleTech's Chief Financial Officer (CFO), Chief Administrative Officer, and Executive Vice President. Prior to joining us, Ms. Paolillo was employed by Trizetto Group, Inc., a privately held company providing business and professional services to the healthcare industry, since January 2009 as Executive Vice President and Chief Financial Officer and since September 2009 as the Executive Vice President for Enterprise Services and Chief Financial Officer. In those positions she was in charge of finance, corporate development, legal, human capital, information technology, risk management and real estate and facilities operations. Prior to joining Trizetto, Ms. Paolillo served from April 2007 through December 2008 as Senior Vice President, Operations Group for General Atlantic, a leading global growth equity firm which manages approximately $17 billion in capital, where she led the operations group in supporting several of the firm's investments. From August 2005 through March 2007, Ms. Paolillo served as the Executive Vice President of Revenue Cycle and Mortgage Services for the Creditek subsidiary of Genpact (NYSE: G), a global business process and technology management company. Prior to its acquisition by Genpact in August 2005, Ms. Paolillo served as Creditek's Chief Executive Officer from June 2003 through July 2005 and its Chief Financial Officer from October 2002 through May 2003. Ms. Paolillo also previously served as the Chief Financial Officer and Executive Vice President for Corporate Services for Gartner, Inc. (NYSE: IT), an information technology research and advisory company from October 1999 through September 2002.

Information regarding Kenneth D. Tuchman, Chairman and CEO, and James E. Barlett, Vice Chairman, is provided in this section under the heading "*Information Concerning the Nominees for Election as Directors*".

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section explains our executive compensation programs as it relates to the following "named executive officers":

Kenneth D. Tuchman	Chairman of the Board and CEO
Regina Paolillo	Executive Vice President, CFO and Chief Administrative Officer
John R. Troka, Jr.	Senior Vice President, Global Finance(1)
Judi Hand	Executive Vice President, Chief Sales Officer
Michael M. Jossi	Executive Vice President, Global Human Capital
Carol Kline	Executive Vice President, Chief Information Officer

(1) Mr. Troka was Interim Chief Financial officer until November 3, 2011.

Executive Summary

We are one of the largest and most geographically diverse global providers of business process outsourcing solutions. We have a 30-year history of designing, implementing and managing critical business processes for Global 1000 companies to help them optimize their customers' experience, grow revenue, increase their operating efficiencies, improve quality and lower costs. By delivering a high-quality customer experience through the effective integration of customer-facing, front-office processes with internal back-office processes, we enable our clients to better serve, grow and retain their customer base. We have developed deep vertical industry expertise and support more than 450 unique programs serving approximately 175 global clients in the automotive, broadband, cable, financial services, government, healthcare, logistics, media and entertainment, retail, technology, travel, and wire line and wireless communication industries.

Our goal for executive compensation is to attract, motivate and retain highly qualified executives focused on delivering superior performance that creates long-term investor value. We have created incentives through our Management Incentive Plan, or "MIP," and through our grant of time vesting restricted stock units for our executive officers to remain as productive long-term employees, to manage effectively our businesses and related risks, to drive financial performance and generally to align their interests with those of our stockholders. We have also structured our compensation programs for named executive officers to place a meaningful portion of their compensation "at risk" and subject to satisfaction of objective financial performance measures and targets.

In 2011, our annual revenue was $1.18 billion and our operating margin was 7.9%; compared to annual revenue of $1.10 billion in 2010 and an operating margin of 6.7%. As detailed in the section "How We Determine Executive Compensation" under the heading "*Funding for Cash Incentives under the MIP and Discretionary Cash Bonuses,*" we authorized aggregate cash bonuses of $3,000,000 during 2011 to our non-executive MIP participants. In 2011, we also paid aggregate discretionary retention bonuses of $550,000 to our named executive officers. In 2011, equity awards to our named executive officers represented between approximately 45% and approximately 99% of the total compensation of our named executive officers; continuing our focus on long-term equity awards to attract and retain executive officers and to motivate our executive team to improve our long-term financial performance. Our Compensation Committee continues to review our compensation programs to ensure that our compensation goals are achieved through these compensation programs.

Stockholder Support for Our Compensation Decisions

At our annual meeting of stockholders held in May 2011, our stockholders approved the compensation of our named executive officers ("say-on-pay vote") with over 72% approval. In light of the stockholder support, the Compensation Committee made no significant changes to the overall design of our compensation programs during 2011. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for our named executive officers.

Executive Compensation Program Overview and Design Principles

Our goal for executive compensation is to attract, motivate and retain highly qualified executives focused on delivering superior performance that creates long-term investor value. We have developed and implemented executive compensation policies, plans and programs intended to closely align the financial interests of the named executive officers with those of our stockholders in order to enhance our long-term growth and profitability and therefore create long-term stockholder value. Our executive compensation program also requires each named executive officer to demonstrate exceptional individual performance and to contribute as a member of the team to our overall success rather than merely achieve specific objectives within that officer's area of responsibility. Each year, the Compensation Committee, which is made up entirely of independent directors, determines the compensation of the CEO and, after reviewing the CEO's recommendations, the other named executive officers.

Five Overarching Principles

We have designed our executive compensation program around five overarching principles:

- Structure compensation programs with a significant portion of variable, or at-risk, compensation to ensure that the actual compensation realized by named executive officers directly and demonstrably links to individual and company-wide performance;
- Offer market competitive compensation opportunities that will allow us to attract and retain named executive officers capable of leading us to the fulfillment of our business objectives;
- Ensure that our named executive officers remain focused on individual operational goals to build the foundation for our long-term success;
- Align the interests of named executive officers and stockholders to achieve long-term stock price performance; and
- Maintain an egalitarian culture with respect to compensation programs, such that a broad range of management employees may generally participate in the same equity-based and cash-based incentive programs as the named executive officers.

Four Components of Compensation

To achieve the five overarching principles, the compensation program for the named executive officers consists of the following four components of compensation, in order of their importance:

- Equity awards in the form of RSUs or stock options under our Equity Incentive Plans;
- Annual cash incentives under our MIP as funded under our performance-based "incentive benefit pool";
- Discretionary cash bonuses to recognize exceptional individual achievement and contributions to our overall financial performance as funded under our incentive benefit pool or as funded after

a decision by the Compensation Committee to fund discretionary bonuses outside of the incentive benefit pool; and

Base salary.

The named executive officers are also eligible to participate in our general health and welfare programs, 401(k) Plan, insurance program and other employee programs on substantially the same basis as other employees. Although we pay as perquisites all or a portion of the named executive officers' premiums for certain of these plans, we believe that perquisites should be limited in scope and value, and they have not historically constituted a significant portion of executive compensation.

Equity Awards

Equity Awards in the Form of RSUs Minimize Dilution and Support Long-Term Focus. We rely heavily on long-term equity awards in our executive compensation program to attract and retain an outstanding executive team and to motivate the executive team to improve our long-term financial performance. We implemented a program of awarding RSUs in order to motivate executives, enhance morale and teamwork, and encourage retention. Unlike a stock option award, the compensation value of an RSU award does not depend solely on future stock price increases; at grant, its value is equal to our stock price. Although its value may increase or decrease with changes in our stock price before vesting, an RSU award will maintain value in the long term, encouraging retention. By contrast, the value of a stock option depends solely on future stock price appreciation. Accordingly, RSUs deliver significantly greater share-for-share compensation value at grant than stock options, and we can offer comparable grant date compensation with fewer shares and with regard to RSUs that vest over time less dilution to our stockholders.

The Compensation Committee believes that RSU awards are the most effective way to align the named executive officers' interests with the interests of our stockholders and to attract and retain talented executives by providing a strong economic incentive to continued employment. Furthermore, the Compensation Committee believes that substantial equity ownership by individual executive officers helps to align their interests and to ensure that these individuals remain focused on building stockholder value.

Selective Use of Stock Options Allows Market-Competitive Equity Grants. In 2011, the Compensation Committee began the selective use of stock option grants to provide market-competitive equity grants that are tied to long-term stock appreciation. Specifically, the Compensation Committee granted a performance-based stock option award to our CFO that is tied to the long-term price performance of our stock. The Compensation Committee believes that such long-term stock option awards provide a market-competitive total compensation package while also requiring an increase in shareholder value for the recipient to receive the financial reward associated with the stock option award.

Cash Incentives

Cash Incentives under Our MIP. The Compensation Committee believes that the MIP is an important component of our executive compensation program as it provides recognition to named executive officers whom the Compensation Committee has determined are eligible to receive an award based on the Compensation Committee's subjective evaluation of each named executive officer's performance. It is, however, a less significant factor in attracting new executive talent than our equity awards, as it tends to promote retention only in the short-term. The secondary significance of the MIP is further evidenced by the fact that the CEO and the Vice Chairman have not historically elected to participate in the MIP.

Discretionary Cash Bonuses Award Exceptional Individual Achievement and Provide Retention Incentives. We have not historically relied on discretionary cash bonuses because we prefer to reward executive performance with long-term equity incentive compensation. Nevertheless, the Compensation Committee believes that discretionary cash bonuses are another important component of our executive compensation program because they allow the Compensation Committee to recognize exceptional individual achievement and contributions to our overall financial performance based on the Compensation Committee's subjective evaluation of each named executive officer's performance or to provide for retention of key executives. This is especially true in situations where the Compensation Committee believes that cash incentives under the MIP, as funded through our incentive benefit pool, have not adequately compensated an executive officer for his or her individual achievements and contributions.

Base Salaries Reflect Our Emphasis on Building Stockholder Value. The Compensation Committee believes that base salaries are much less important than long-term equity awards and cash incentives in meeting our compensation objectives. While we believe that base salaries should generally be competitive, we do not believe that base salaries provide significant long-term focus nor do we believe that they are a key driver in motivating our named executive officers to build stockholder value. As a result, we have historically set base salaries for our named executive officers at a midrange between the 25^{th} and 75^{th} percentiles of the "peer group" as defined in this section under the heading "*How We Use Peer Group, Survey and Benchmarking Data.*"

How We Use Consultants

Since November 2004, we have retained the services of Compensia, Inc., an executive compensation consulting firm. From time to time, Compensia provides advice to the Compensation Committee and us. In addition, since April 2008, the Compensation Committee has retained the services of Latham & Watkins, LLP, a law firm, to act as independent counsel to the Compensation Committee. No member of the Board or any named executive officer has any affiliation with either Compensia or Latham & Watkins and our CEO has not met with representatives of Compensia or Latham & Watkins regarding his compensation or the compensation of other named executive officers.

Compensia. The Compensation Committee either directly, or through our human capital department at the direction of the Compensation Committee, periodically seeks input from Compensia on a range of executive compensation issues. Among other things, Compensia provides the Compensation Committee with:

- a periodic review of our compensation practices, trends and philosophy;
- a competitive assessment of our executive compensation levels and pay-for-performance linkage;
- an analysis of peer group companies that compete with us and that follow similar compensation models, along with benchmark compensation and benefits data for the peer group; and
- a review of our equity award and cash incentive programs.

Although Compensia provides recommendations on the structure of our compensation programs, Compensia does not determine the amount or form of compensation for any named executive officers. We do not use Compensia for services outside of executive compensation. We paid Compensia less than $60,000 in 2011 and less than $30,000 in 2010 for services provided.

Latham & Watkins. The Compensation Committee, either directly or indirectly through our legal or human capital departments at the direction of the Compensation Committee, periodically seeks advice from Latham & Watkins on various legal issues. Latham & Watkins reviews public disclosures relating to executive compensation and advises the Compensation Committee as to corporate governance issues and the legal structure of equity and cash compensation plans. Although

Latham & Watkins may provide legal advice on the structure of compensation programs, Latham & Watkins does not determine the amount or form of compensation for any named executive officers. We do not use Latham & Watkins for services outside of those provided to the Compensation Committee.

How We Use Peer Group, Survey and Benchmarking Data

With the assistance of our human capital department, the Compensation Committee identified a "peer group" of companies for 2011 that compete with us in the labor and capital markets and that follow similar compensation models. The peer group that the Compensation Committee reviewed to ensure that our total compensation is within a reasonably competitive range included: Acxiom Corporation, Alliance Data Systems Corporation, APAC Customer Services Inc., CDI Corp., Cognizant Technology Solutions Corp., Convergys Corporation, Fiserv, Inc., Genpact Limited, Paychex, Inc., Spherion Corp., StarTek, Inc., Stream Global Services, Inc. and Sykes Enterprises Incorporated. The Compensation Committee selected this group of companies because they are in the same or similar industries, they compete with us for executive talent and they employ similar executive compensation models. The Compensation Committee reviews the compensation practices of this peer group to effectively design compensation arrangements to attract new executives in our highly competitive, rapidly changing markets and to confirm proper levels of compensation for our named executive officers. This peer group data is one factor the Compensation Committee uses in establishing targeted base salaries (targeted in the 25th to 75th percentile of peer group base salary compensation for executive officers performing the same or similar roles) and MIP bonus awards (targeted in the 75th percentile of peer group incentive bonus awards for executive officers performing the same or similar functions) and otherwise determining the mix of equity awards, cash incentives, and base salaries. The peer group data, however, is not a definitive or dispositive factor in making such compensation decisions. Moreover, the Compensation Committee does not adhere to strict formulas, benchmarking or its review of this peer group data to determine the mix of compensation elements. Instead, the Compensation Committee considers various factors in exercising its discretion to determine compensation, including the experience, responsibilities and performance of each named executive officer as well as our overall financial performance.

How We Use Employment Agreements

From time to time, we have entered into employment agreements with senior officers, including some of the named executive officers. The Compensation Committee generally will approve employment agreements when it determines that an employment agreement is desirable to obtain a measure of assurance as to the executive's continued employment or to attract an executive in light of market conditions. Based on an evaluation of these factors, we previously entered into employment agreements with Mr. Tuchman and entered into an employment agreement with Ms. Paolillo upon her hire in November 2011. Pursuant to these agreements, Mr. Tuchman is entitled to receive an annual base salary. On March 8, 2012, the Compensation Committee approved a request from Mr. Tuchman to waive his right to the full amount of his base salary as set forth in Section 2 of the employment agreement and instead receive a base salary of $1 per year effective March 8, 2012. Mr. Tuchman is also entitled to participate in all other employee benefit plans, in each case, on terms and conditions no less favorable than the terms and conditions generally applicable to his peers. Ms. Paolillo is entitled to receive a base salary, a guaranteed bonus, which was subsequently paid in 2012, and is eligible to receive additional incentive compensation and discretionary cash bonuses, as may be determined by the Compensation Committee from time to time. Employment agreement provisions relating to severance, termination and change-in-control are discussed in greater detail in the EXECUTIVE COMPENSATION TABLES section under the heading "*Potential Payments upon Termination or Change in Control Employment Agreements*".

How We Determine Executive Compensation

Compensation Committee Determines All Executive Compensation

The Compensation Committee determines all compensation for the named executive officers on an annual basis. The Compensation Committee conducts a subjective evaluation of the performance of each named executive officer to determine if any changes in the officer's compensation are appropriate. The CEO does not participate in the Compensation Committee's deliberations or decision with regard to his compensation. At the Compensation Committee's request, however, the CEO and the Executive Vice President, Global Human Capital review with the Compensation Committee the performance of the other named executive officers. The Compensation Committee gives considerable weight to the CEO's evaluation of the other named executive officers in its subjective evaluation because of his direct knowledge of each officer's performance and contributions.

The Compensation Committee reviews peer group data as described in this section under the heading "*How We Use Peer Group, Survey and Benchmarking Data*". The Compensation Committee, however, does not base its aggregate compensation decisions on such peer group data, but rather utilizes it as a measure of the competitive market for executive talent in our industry. The Compensation Committee also does not adhere to strict formulas to determine the mix of equity awards, cash incentives and base salaries. The Compensation Committee can and does consider our objective financial results in its subjective evaluation of each named executive officer's performance. However, other than the funding of our performance-based incentive benefit pool, there is no formulaic tie between our financial results and the Compensation Committee's evaluation of the performance of each named executive officer. The Compensation Committee also considers various factors in exercising its discretion to determine the composition of and amount of compensation for each named executive officer. The ability to impose subjective judgment and to consider various factors in its discretion, rather than relying on a formulaic approach, provides important flexibility in determining compensation components and the amount of compensation required to retain current executives, to attract new executives in our highly competitive, rapidly changing markets and to confirm appropriate levels of compensation for our named executive officers. For each named executive officer, the Compensation Committee determines the amount of each component of compensation under our executive compensation program using subjective criteria, based on each named executive officer's impact on our overall performance by examining the following "success factors":

- contribution to our overall operating effectiveness, strategic success and profitability;
- role in developing and maintaining key client relationships;
- level of responsibility, scope, and complexity of such named executive officer's position relative to other named executive officers;
- leadership growth and management development over the past year;
- completion of strategic projects;
- innovations to continuously improve performance and improve open communications;
- ability to provide hands-on business problem solving and wise business decisions; and
- demonstration of business ownership.

The Compensation Committee selected these eight success factors because they believe they are important indicators of increased stockholder value. The success factors are not qualified or weighted for importance. The Compensation Committee's use of the success factors is tied to the responsibilities of the named executive officers. For example, greater weight will be given to the "role in developing and maintaining key client relationships" for the Chief Sales Officer due to her responsibilities for overseeing sales operations, while greater weight will be given to the "completion of strategic projects"

for the Executive Vice President and Chief Information Officer for her responsibilities for improving the design and operation of our information technology infrastructure.

Equity Awards

In determining the amount of any grant of an equity award to a named executive officer, the Compensation Committee reviews the outstanding equity awards of the named executive officer to determine whether additional awards are warranted in light of the Compensation Committee's review of the named executive officer's performance. The Compensation Committee then determines the actual award to any officer based on general reference to, but not benched to, our peer group data for equity compensation for the executive officer's role with us and as compared to our other executive officers and the relative performance of each other executive officer.

Vesting Conditions. All RSU awards to our named executive officers give the officer the right to receive a specified number of common shares at no cost to the officer, if the terms of the grant are satisfied and the officer is continuously employed or serves on our Board through each vesting date. The Compensation Committee approves all equity awards and the grant date for any individual equity award is the date on which the Compensation Committee approves such grant. The Compensation Committee approves all equity awards at meetings of the Compensation Committee and does not use unanimous written consents for any equity award approvals. RSU awards typically vest over a period of four or five years. The named executive officer is generally not eligible to receive the shares if service is terminated before the RSUs vest. In addition, the vesting of RSUs may be affected by a change in control as discussed in the EXECUTIVE COMPENSATION TABLES section under the heading "*Potential Payments upon Termination or Change in Control*". The Compensation Committee also has the discretion to accelerate the vesting of any RSU or stock option.

2011 RSU Awards. In March 2011, as part of our annual equity award process for both named executive officers and other management personnel, the Compensation Committee granted RSU awards that vest over time in four equal installments through 2015 to the following named executive officers: Mr. Jossi, 30,000 RSUs; Ms. Kline, 30,000 RSUs; and Mr. Troka, 15,000 RSUs. With regard to these RSU awards, the Compensation Committee considered their relative contributions to our operating results in 2010. Upon her hire in November 2011, the Compensation Committee approved a new hire equity grant for Ms. Paolillo of: (i) an award of 100,000 time-based RSUs that are scheduled to vest in three installments beginning on the second anniversary of the date of such grant; and (ii) an award of 100,000 performance-based RSUs scheduled to vest upon the achievement by the Company in the same calendar year of both a specified annual consolidated revenue target and a specified operating margin target on or before December 31, 2014 each measured at year end and as reflected in the Company's audited consolidated financial statements as filed with the SEC in our Annual Report on Form 10-K.

2011 Stock Option Awards. Under our Equity Incentive Plans, stock options are authorized to be issued at the discretion of the Compensation Committee. Upon her hire in November 2011, the Compensation Committee approved a new hire equity grant for Ms. Paolillo of options to purchase 150,000 shares of our common stock scheduled to vest in four installments upon the achievement of specified stock price targets. During 2011, the Compensation Committee did not authorize the grant of any other stock option awards to our named executive officers.

Funding for Cash Incentives under the MIP and Discretionary Cash Bonuses

Funding for cash incentives under the MIP comes from our performance-based "incentive benefit pool." The structure of our incentive benefit pool allows us to make contributions periodically throughout the year based on our achievement of revenue and operating margin objectives in our internal business plan (excluding extraordinary, unusual or infrequently occurring events or changes in accounting principles). In any given year, we pay our MIP awards out of the incentive benefit pool. Our Compensation Committee has designed the incentive benefit pool to allow the award of MIP bonuses to non-executive MIP participants on a quarterly basis and annually. Our Compensation Committee does not award MIP bonuses to executive officers out of the incentive benefit pool on a quarterly basis, but instead awards any MIP bonuses in the following year. Our Compensation Committee has the authority to reduce or entirely eliminate the funding of our incentive benefit pool, in its sole discretion.

Additionally, the Compensation Committee may from time to time determine that additional funding should be provided outside of the incentive benefit pool to fund discretionary bonuses for retention or to award executive officers and non-executive officer employees for their efforts during those years in which our quarterly and annual revenue and operating margin performance resulted in a low funding of our incentive benefit pool.

2011 MIP Awards based upon 2010 Financial Performance

The Compensation Committee did not award any MIP bonuses to our named executive officers out of our 2010 incentive benefit pool that funded in the aggregate amount of $810,000 as the result of the Company meeting certain 2010 quarterly and annual revenue and operating margin objectives (as described in our 2010 Proxy Statement). As described in our 2010 Proxy Statement, in order to provide for the retention of non-executive MIP participants, the Compensation Committee elected to allocate the entire $810,000 incentive benefit pool contributions to non-executive MIP participants.

2011 Financial Performance and Incentive Benefit Pool Funding

For purposes of compensation awards made in 2011 and to be made in 2012 for 2011 performance, the Compensation committee approved a total incentive benefit pool of $13.5 million that was divided into (i) a quarterly pool available to all non-executive MIP participants that would make available, based upon approval of the Compensation Committee, up to $1 million per quarter ($4 million total) to be distributed to non-executive MIP participants; and (ii) an annual variable incentive pool of $9.5 million that would fund, upon approval of the Compensation Committee, up to $9.5 million (at the 100% achievement level) based upon our achievement of quarterly and annual revenue and operating margin targets. Sixty percent (60%) of the funding of the annual variable component of our incentive benefit pool was based on our achievement of four quarterly revenue and operating margin targets and forty percent (40%) of the funding of the annual variable component of our incentive benefit pool was based on our achievement of annual revenue and operating margin targets. Moreover, in 2011, the Compensation Committee elected to segregate the annual variable component of our incentive benefit pool into two distinct components: (1) a $2.5 million pool (at the 100% achievement level) for our executive MIP participants (that included all of our named executive officers and other executives); and (2) a $7.0 million pool (at the 100% achievement level) for all non-executive MIP participants.

The Compensation Committee designed, in 2011, an annual $4 million incentive benefit pool, to be funded on a quarterly basis of $1 million per quarter, (approximately 30%) to drive non-executive MIP participant performance throughout the year and to allow managers to reward unique individual performance throughout the year, rather than focusing exclusively on fiscal year end accomplishments. The Compensation Committee ultimately approved $3.0 million of the quarterly pool to be distributed to non-executive MIP participants for accomplishments in 2011. Our Compensation Committee designed the annual variable component of our incentive benefit pool to fund proportionately as we met our quarterly and annual operating margin and annual revenue targets. In measuring our performance under both the revenue and operating margin targets, we exclude certain one-time or unusual items which may occur during the year such as mergers, acquisitions, asset impairments, client credits, restructuring activities, abandonment charges, government grant claw backs, incentive benefit pool or 401(k) funding accruals or legal and settlement expenses. The dollar amount of our contribution to the annual variable component of the incentive benefit pool is based on our performance relative to the operating margin and revenue targets approved by the Compensation Committee.

In 2011, the quarterly and annual revenue and operating margin targets for funding the annual incentive component of our incentive benefit pool and the 2011 results are set forth in the table below. If we had achieved at the 100% achievement level for all quarterly and annual revenue and operating margin targets in 2011, we would have funded the executive MIP participant portion of the annual variable component of our incentive benefit pool at $2.5 million and the non-executive MIP participant portion of the annual variable component of our incentive benefit pool at $7.0 million (an aggregate of $9.5 million). If we had achieved at the at the maximum achievement level for all quarterly and annual revenue and operating margin targets in 2011, we would have funded the executive MIP participant portion of the annual variable component of our incentive benefit pool at $3.1 million and the non-executive MIP participant portion of the annual variable component of our incentive benefit pool at $8.8 million (an aggregate of $11.9 million). If we had failed to achieve all minimum quarterly and annual revenue and operating margin targets in 2011, we would not have funded either the executive or non-executive MIP participant portion of the annual variable component of our incentive benefit pool in 2011. If we had performed between targets in 2011, we would have funded the annual variable component of our incentive benefit pool to the lower target.

2011 Annual Variable Incentive Component Funding

	First Quarter 15%	**Second Quarter 15%**	**Third Quarter 15%**	**Fourth Quarter 15%**	**Annual 40%**	
Revenue (in millions)						
Maximum (125%)	$ 290.90	$ 302.30	$ 311.50	$ 345.20	$ 1,250.00	
Target (100%)	$ 282.80	$ 289.00	$ 292.10	$ 311.10	$ 1,175.00	
Minimum (75%)	$ 275.00	$ 275.00	$ 285.00	$ 290.00	$ 1,125.00	
Actual Result	$ 281.00	$ 287.10(1)	$ 285.70(2)	$ 277.70(3)	$ 1,131.50(4)	
Actual Achievement	75%	75%	75%	0%	75%	
Actual Funding (in thousands)	$ 0.00(10)	$ 0.00(10)	$ 0.00(10)	$ 0.00(10)	$ 0.00(10)	
Operating Margin						
Maximum (125%)	8.4%	8.4%	9.5%	11.5%	9.5%	
Target (100%)	8.2%	8.1%	9.1%	10.5%	9.0%	
Minimum (75%)	8.0%	8.0%	9.0%	9.0%	8.5%	
Actual Result	7.99%(5)	8.76%(6)	7.91%(7)	7.42%(8)	8.02%(9)	
Actual Achievement	0%	125%	0%	0%	0%	
Actual Funding (in thousands)	$ 0.00(10)	$ 0.00(10)	$ 0.00(10)	$ 0.00(10)	$ 0.00(10)	
TOTAL FUNDING (in thousands)	$ **0.00**(10)	$ **0.00**(10)	$ **0.00**(10)	$ **0.00**(10)	$ **0.00**(10)	$ **0.00**(10)

(1) The Revenue for this quarter reported on our June 30, 2011 Quarterly Report on Form 10-Q was $293.6 million, but for purposes of calculating Revenue achieved for this quarter, we excluded revenue from our eLoyalty acquisition of $6.5 million.

(2) The Revenue for this quarter reported on our September 30, 2011 Quarterly Report on Form 10-Q was $304.2 million, but for purposes of calculating Revenue achieved for this quarter, we excluded revenue from our eLoyalty acquisition of $18.6 million.

(3) The Revenue for this quarter reported on our Annual Report on Form 10-K was $300.5 million, but for purposes of calculating Revenue achieved for this quarter, we excluded revenue from our eLoyalty acquisition of $22.8 million.

(4) The Revenue for 2011 reported on our Annual Report on Form 10-K was $1,179.4 million, but for purposes of calculating Revenue achieved for 2011, we excluded revenue from our eLoyalty acquisition of $47.9 million.

(5) The Operating Profit for this quarter reported on our March 31, 2011 Quarterly Report on Form 10-Q was $21.5 million (7.65% Operating Margin), but for purposes of calculating the Operating Margin achieved for this quarter, we excluded $1.0 million of restructuring expenses.

(6) The Operating Profit for this quarter reported on our June 30, 2011 Quarterly Report on Form 10-Q was $24.6 million (8.39% Operating Margin), but for purposes of calculating the Operating Margin achieved for this quarter, we excluded $0.1 million of restructuring gains and $0.5 million of operating income attributable to our eLoyalty acquisition, and excluded $1.0 million of acquisition costs and 401(k) and MIP accrual expenses.

(7) The Operating Profit for this quarter reported on our September 30, 2011 Quarterly Report on Form 10-Q was $26.6 million (8.73% Operating Margin), but for purposes of calculating the Operating Margin achieved for this quarter, we excluded $1.6 million of restructuring expenses, and excluded $1.9 million of operating income attributable to our eLoyalty acquisition, and excluded $3.7 million in 401(k) and MIP accrual expenses.

(8) The Operating Profit for this quarter reported on our Annual Report on Form 10-K was $20.8 million (6.91% Operating Margin), but for purposes of calculating the Operating Margin achieved for this quarter, we excluded $1.8 million of restructuring expenses and acquisition costs, and excluded $1.9 million of operating income attributable to our eLoyalty acquisition.

(9) The Operating Profit for 2011 on our Annual Report on Form 10-K was $93.5 million (7.92% Operating Margin), but for purposes of calculating the Operating Margin achieved for 2011, we excluded $4.6 million of restructuring expenses and acquisition costs, and we excluded $4.3 million of operating income attributable to our eLoyalty acquisition, and excluded $2.9 million in 401(k) and MIP accrual expenses.

(10) On October 27, 2011, the Compensation Committee elected to eliminate 100 percent of the annual variable incentive component of the 2011 MIP due to our overall financial performance. As a result, the Compensation Committee did not approve any variable incentive MIP bonuses to any eligible participant, including to our named executive officers.

While the incentive benefit pool funding targets are reset each year, the Compensation Committee seeks to set target levels for purposes of funding the incentive benefit pool that are difficult to achieve, but achievable, if certain conditions are satisfied, including, in particular the following:

- we continue to operate our business to our historic standards of efficiency, production and performance;
- we continue to close sales with new and existing customers;
- we continue to control our costs of conducting and growing our business and operations;
- external market forces are consistent with expectations (at the time we establish our annual budgets) in the business process outsourcing market;
- clients we serve continue to remain financially sound and satisfy their contractual obligations to us; and
- we do not experience unforeseen events, such as natural disasters, political or social instability or other casualty events that have a material adverse impact on our financial results.

Consequently, our ability to achieve the incentive benefit pool funding targets each year is heavily dependent not only upon factors within our control, but also upon current economic conditions and the conditions outlined above. For example, in 2010, we did not fund the incentive benefit pool in any period other than the third quarter of 2010 for achievement of the operating margin target for that quarter. In 2011, the Compensation Committee elected to eliminate 100 percent of the annual variable incentive component of the 2011 MIP due to our overall financial performance. Accordingly, there is uncertainty with respect to achieving the incentive benefit pool funding targets at the time it is set, and although our strong historical operating performance, favorable business process outsourcing market conditions and continued performance by clients with whom we contract have resulted in prior funding of incentive benefit pools, the past two years have demonstrated that prior performance is not a guarantee of future performance and that the Compensation Committee has set targets at levels designed to challenge management. Therefore, the targets set each year, provide our named executive officers with a reasonable, although not certain, expectation of receiving cash incentives through the

MIP. Further, the Compensation Committee has discretion to distribute less than the total amount of funds available in the incentive benefit pool.

In addition, the determination of cash incentive awards through the MIP or through discretionary cash bonuses are subjective and subject to the discretion of the Compensation Committee, which has retained complete authority and discretion to decide whether to make any cash incentive awards and, if made, the amount of such awards.

2011 Cash Incentives

The Compensation Committee bases its decision to award cash incentives under the MIP and discretionary cash bonuses to individual named executive officers, if any, primarily on subjective criteria. Specifically, the Compensation Committee subjectively bases its decision to award cash incentives on the eight success factors. While the Compensation Committee can and does consider objective financial results in its subjective evaluation of an executive officer's performance, there is no formulaic tie between the financial results and the amount of the cash incentives under the MIP or discretionary cash bonuses. Further, the Compensation Committee exercises discretion in determining to award MIP bonuses rather than relying on a formulaic approach. The Compensation Committee generally determines whether to award, and the amount of any such award, of a MIP bonus to named executive officers in February of the year following the year in which the incentive benefit pool was funded. After the Compensation Committee determines whether to award and the amount of the awards of MIP bonuses to named executive officers, the Company generally pays those bonuses in the next 30 days. Since the Compensation Committee elected to eliminate the annual variable incentive component of the 2011 MIP in a meeting on October 27, 2011, the Compensation Committee did not award any MIP bonuses to any named executive officer in 2012.

MIP. The potential range of cash incentives under the MIP for each named executive officer can vary depending on his or her job title and responsibilities. We have established the ranges for each position based on general reference to our peer group data and our experience in recruiting highly qualified candidates for the differing qualifications and responsibilities of those positions. As disclosed in the table below, the award range for executive vice presidents and senior vice presidents in 2011 was as follows:

	Cash Incentives Range of Base Salary		
Title	**Threshold**	**Target**	**Maximum**
Executive Vice President and Above	Zero	100%	150%
Senior Vice President	Zero	75%	112.5%

The MIP does not provide for the adjustment or recovery of an award paid to a named executive officer if the results in a previous year are subsequently restated or adjusted in a manner that would have originally resulted in a smaller award.

2011 MIP Payout. For 2011, the Compensation Committee targeted the MIP range for participating named executive officers at the 75th percentile of bonus compensation for our peer group companies based on our peer group data (as discussed in this section under the heading "*How We Use Peer Group, Survey and Benchmarking Data*"). As discussed in this section under the heading "*2011 Awards Based upon 2010 Financial Performance*," the Compensation Committee did not award any 2011 MIP bonuses to any of our named executive officers. Mr. Tuchman communicated to the Compensation Committee prior to the determination to award MIP bonuses that he did not desire to participate in the MIP or receive any discretionary cash bonus approved by the Compensation Committee.

2011 Discretionary Bonuses. At a meeting held on February 10, 2011, the Compensation Committee awarded discretionary retention bonuses in an aggregate amount of $550,000 to the following named executive officers: (i) our Interim Chief Financial Officer, Mr. Troka, received a discretionary retention bonus of $125,000 (equal to 50% of his base salary and at approximately 50th percentile compared to the peer group) attributable to his role in managing our finance department; (ii) our Chief Sales Officer and President and General Manager of Direct Alliance, Ms. Hand, received a discretionary retention bonus of $137,500 (equal to approximately 40% of her base salary and at approximately 50th percentile compared to the peer group) for her role in managing the operations of our Direct Alliance subsidiary; (iii) our Chief Information officer, Ms. Kline, received a discretionary retention bonus of $150,000 (equal to 50% of her base salary and at approximately 60th percentile compared to the peer group) for h